

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following Management's Discussion and Analysis ("MD&A") is dated May 11, 2017 for the three months ended March 31, 2017. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

### **BUSINESS DESCRIPTION AND READER GUIDANCE**

Silver Mountain Mines Inc. (the "Company") is a Canadian exploration and mining company incorporated on May 12, 2008. The principal business activities of the Company are the exploration and development of mining properties and are considered to be in the exploration stage.

On June 21, 2011, the Company listed on the Canadian National Stock Exchange under the symbol SMM. On February 15, 2012, the Company moved its listing from the Canadian National Stock Exchange to the TSX Venture Exchange ("TSXV") trading under the symbol SMM.

The Company's financial statements were prepared in accordance with IFRS that are applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. At March 31, 2017, the Company had an accumulated deficit of \$2,301,070 (December 31, 2016 – \$2,260,324), and a working capital surplus of \$242,007 (December 31, 2016 – \$297,334).

The Company's ability to continue as a going concern is dependent upon the ability to generate profitable operations and/or raise the necessary debt or equity financing to meet obligations and repay liabilities as they come due. The Company plans to explore all alternatives possible for securing its financial viability including joint ventures, debt and equity financings, merger opportunities and asset dispositions. There are no assurances that the Company will be successful with these initiatives and there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Our continuation of analysing all our data sets, including geochemistry, geophysics, gravity, drilling, trenching and extensive review combined with various interpretations from a wide variety of recognized technical experts has continued to present new areas of mineralization on the property.

During these unsettled markets, we continue to manage our cash position and define new and expanded exploration opportunities on our highly prospective 100% owned property. Additionally, the Company's leadership is currently reviewing new merger and acquisition prospects across various industries. We believe that if an opportunity exists for stakeholders to benefit from in other industries, then optimising our company value is key in these markets. These potential M&A assessments may present an attractive business opportunity for the company during this market down turn while the company continues to build upon its original strategy of building value through discovery.

**FORWARD-LOOKING INFORMATION**

Certain information in this MD&A is forward-looking and is subject to important risks and uncertainties. The results or events predicted in this information may differ materially from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include the ability of the Company to implement its strategic initiatives, the availability and price of precious metal commodities, government and regulatory decisions, plant availability, competitive factors in the mining industry and prevailing economic conditions in the regions the Company operates. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. The Company believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. These forward-looking statements speak only to the date of this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required pursuant to applicable securities laws.

## OVERALL PERFORMANCE

### Performance Highlights

For the three month period ended March 31,	2017	2016
Other income - interest	\$ 275	\$ 862
Net loss before deferred tax recovery	(55,629)	(73,852)
Net loss per share – basic and diluted	(0.00)	(0.00)
Net cash used in operating activities	(49,351)	(70,120)
Capital expenditures	613	24
Total assets	\$ 6,399,872	\$ 6,589,168

The net loss before deferred tax recovery for the three months ended March 31, 2017 was \$(55,629) which was \$18,223 lower than the net loss before deferred tax recovery for the three months ended March 31, 2016 of \$(73,852). The reduced net loss is mainly due to much lower expenses during the three months ended March 31, 2017 with respect to consulting and management, professional fees and travel expenses.

Net cash used in operating activities for the three months ended March 31, 2017 was \$(49,351) compared to \$(70,120) for the three months ended March 31, 2016. The reduction of \$20,769 was mainly due to the above-noted reduction in net loss before tax recovery of \$18,223 combined with the reduced impact of non-cash working capital changes of \$3,021.

For the three months ended March 31, 2017, the Company incurred capital expenditures of \$613 (March 31, 2016 - \$24). The capitalized costs for the three months ended March 31, 2017 and 2016 were comprised of costs associated with the field exploration program.

Total assets have declined by \$189,296 between March 31, 2016 and March 31, 2017 mainly due to the Company using cash and cash equivalents of \$213,471 during the 12 month period partly offset by capital of \$26,427 being invested as exploration and evaluation costs during the same period.

At its annual and special meeting of shareholders on April 5, 2016, special resolutions supporting a share consolidation, Company name change and expansion of the business were passed by over 97% of the common shares voted at the meeting. With current economic and financial uncertainties in the resource sector, the Company has embarked on transforming itself into a diversified holding company to take advantage of global business opportunities. Under the new business plan, current shareholders will continue to own 100% in the Company's Ptarmigan silver project and will also be able to participate in the diversification of the Company's business going forward. All necessary paperwork will be filed with respective governing bodies concurrent with signing a definitive agreement.

As part of the overall strategy to add value to the Company, the leadership team is reviewing several business opportunities within various sectors. The Company's focus is to look at cash flowing companies and/or assets by way of purchasing all or a participating interest in assets (either in one transaction or more), a merger, recapitalization, amalgamation or any combination thereof. There are no assurances that a transaction will be undertaken or if a transaction is undertaken, as to its terms or timing.

## RESULTS OF OPERATIONS

### Consulting and Management Expenses

For the three month period ended March 31,	2017	2016
Consulting and management	\$ 32,598	\$ 43,696

Consulting and management expenses for the three months ended March 31, 2017 were \$11,098 lower than expenses for the same period in 2016 due to a 25% reduction in the salary paid to the President and Chief Executive Officer, effective April 1, 2016. 97% of each period's expenses consisted of the President and Chief Executive Officer's salary.

### Insurance Expense

For the three month period ended March 31,	2017	2016
Insurance	\$ 2,183	\$ 3,764

Insurance expenses for the three months ended March 31, 2017 were \$1,581 lower than expenses for the same period in 2016. The decrease was due to lower premiums being paid for both general liability and directors and officers liability insurance due to minimal field exploration program expenses in 2016 and 2017.

### Licenses and Listing Fees

For the three month period ended March 31,	2017	2016
Licenses and listing fees	\$ 8,669	\$ 9,855

During the three months ended March 31, 2017, the Company recorded licenses and listing fees of \$8,669 compared to \$9,855 paid for the same period in 2016. The decrease of \$1,186 was mainly due to expenses paid in 2016 relating to the Company's AGM which occurred on April 5, 2016. The Company's 2017 AGM has not yet occurred.

### Office and Storage Expenses

For the three month period ended March 31,	2017	2016
Office and storage	\$ 6,603	\$ 6,772

Office and storage expenses for the three months ended March 31, 2017 were \$169 lower than expenses for the same period in 2016.

### Professional Fees

For the three month period ended March 31,	2017	2016
Professional fees	\$ 1,820	\$ 5,198

During the three months ended March 31, 2017, the Company paid professional fees of \$1,820 to the Company's lawyers and transfer agent. The fees paid for the same period in 2016 were \$5,198 including \$2,000 paid to the Company's auditors plus \$3,198 paid to the Company's lawyers and transfer agent. The additional \$1,378 reduction in total fees paid in 2017 was almost entirely due to reduced legal fees.

## Travel Expenses

For the three month period ended March 31,	2017	2016
Travel	\$ -	\$ 2,346

Travel expenses for the three months ended March 31, 2017 were \$Nil due to no business travel being undertaken in 2017.

## Deferred Tax Recovery

For the three month period ended March 31,	2017	2016
Deferred tax recovery	\$ 14,883	\$ 18,771

During the three months ended March 31, 2017, the Company recognized a deferred tax recovery of \$14,883 compared to a recovery of \$18,771 for the three months ended March 31, 2016. This reduction of \$3,888 is due to a lower comprehensive loss for the three months ended March 31, 2017.

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

The Company utilizes existing cash and the issuance of equity instruments to provide liquidity to the Company and finance exploration projects. The Company plans for major capital programs and preserves cash and plans equity issuances to finance these programs.

The following table shows how the activities of the Company were financed:

For the three month period ended March 31,	2017	2016
Cash on hand, January 1	\$ 297,543	\$ 531,194
Net cash used in operating activities	(49,351)	(70,120)
Available for investments	\$ 248,192	\$ 461,074
Net cash used in investing activities	(613)	(24)
Cash on hand, March 31	\$ 247,579	\$ 461,050

Cash on hand declined during the three months ended March 31, 2017 by just under \$50,000 due to cash used for expenses and to fund investing activities and working capital requirements. In comparison, cash on hand declined by just over \$70,000 during the three months ended March 31, 2016 as cash was used for expenses and to fund investing activities and working capital requirements.

The following table shows the capital of the Company:

As at,	March 31, 2017	December 31, 2016
Cash and cash equivalents	\$ 247,579	\$ 297,543
Shareholders' equity	\$ 5,915,160	\$ 5,955,906

Shareholders' equity decreased by \$49,964 during the three months ended March 31, 2016. This decrease was mostly due to the comprehensive loss for the period of \$40,746.

### Working Capital

Working capital decreased by \$55,327 from \$297,334 as at December 31, 2016 to \$242,007 as at March 31, 2017. This decrease is mainly due to cash used in operating activities of \$49,351.

## Contractual Obligations

In the normal course of operations, the Company assumes various contractual obligations and commitments. The Company considers these obligations and commitments in its assessment of liquidity.

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	More than 12 months
Trade accounts payable and accrued liabilities	\$17,870	\$17,870	\$17,870	\$ -	\$ -

## SELECTED QUARTERLY FINANCIAL INFORMATION

### Financial Quarter Ended (Unaudited)

	Mar 31, 2017	Dec 31, 2016	Sept 30, 2016	Jun 30, 2016
Revenue	\$ -	\$ -	\$ -	\$ -
Comprehensive income (loss)	\$ (40,746)	\$ (54,914)	\$ (32,762)	\$ (28,592)
Basic income (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Diluted income (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Total assets	\$ 6,399,872	\$ 6,455,672	\$ 6,497,489	\$ 6,542,475

	Mar 31, 2016	Dec 31, 2015	Sept 30, 2015	Jun 30, 2015
Revenue	\$ -	\$ -	\$ -	\$ -
Comprehensive income (loss)	\$ (55,081)	\$ (59,374)	\$ (46,658)	\$ (40,095)
Basic income (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Diluted income (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Total assets	\$ 6,589,168	\$ 6,663,270	\$ 6,724,039	\$ 6,784,621

For the three months ended March 31, 2017, the Company had a comprehensive loss of \$40,746 due to consulting and management expenses, insurance costs, licensing and listing fees for the TSX-V, office and storage expenses and professional fees which are necessary for the ongoing operations of the Company partly offset by a deferred tax recovery.

For the three months ended December 31, 2016, the Company had a comprehensive loss of \$54,914 due to consulting and management expenses, insurance costs, office and storage expenses and professional fees which are necessary for the ongoing operations of the Company partly offset by a deferred tax recovery.

For the three months ended September 30, 2016, the Company had a comprehensive loss of \$32,762 due to consulting and management expenses, insurance costs, office and storage expenses and professional fees which are necessary for the ongoing operations of the Company partly offset by a deferred tax recovery.

For the three months ended June 30, 2016, the Company had a comprehensive loss of \$28,592 due to consulting and management expenses, insurance costs, office and storage expenses and professional fees which are necessary for the ongoing operations of the Company partly offset by a deferred tax recovery.

## **BUSINESS RISKS**

In the normal course of business the Company is exposed to a variety of risks and uncertainties. In addition to the risks associated with liquidity and capital resources, critical accounting estimates, financial instruments, credit risk and market risk described in this MD&A, the Company is exposed to various operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect future results. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain employees and contractors on a cost-effective basis, commodity and marketing risk and seasonality.

The Company is exposed to considerable risks and uncertainties including, but not limited to;

- finding mineral reserves on an economical basis;
- uncertainties related to estimating the Company's reserves;
- financial risks including access to debt or equity markets which the Company is dependent upon in order to meet obligations and liabilities as they fall due;
- technical problems which could lead to unsuccessful drilling programs and environmental damage;
- obtaining timely regulatory approvals;
- third party related operational risks including the ability to obtain access to certain properties, access to third party processing facilities, railway and other transportation infrastructure;
- fluctuations in commodity prices;
- adverse factors including climate, geographical and weather conditions and labour disputes;
- timing of future debt and other obligations;
- regulatory legislation and policies, including the fulfillment of contractual minimum work programs, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;
- changes to taxation policies, laws and interpretations thereof; and,
- obtaining comprehensive and appropriate insurance coverage at reasonable rates;

## **CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies during the period.

## **CRITICAL ACCOUNTING ESTIMATES AND POLICIES**

### **Use of Estimates**

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of commitments and contingent liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Proved reserves, taxes, decommissioning liability, share-based compensation, accruals, contingent liabilities and commitments are reviewed on an ongoing basis. These estimates are subject to measurement uncertainty and the impact on the financial statements of changes in such estimates and actual results could be material.

### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the statement of financial position at the time the Company becomes a party to the contractual provisions. Upon initial recognition, financial instruments are measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument.

These instruments can be classified into one of the following categories: financial assets and liabilities at fair value through profit and loss, loans and receivables, and other financial liabilities.

Financial assets and financial liabilities at fair value through profit or loss instruments are typically acquired with the intention of generating revenues in the short-term. However, an entity is allowed to designate any financial instrument as financial assets and financial liabilities at fair value through profit or loss on initial recognition even if it would otherwise not satisfy the definition. As at March 31, 2017, the Company does not hold any financial instruments that do not satisfy the definition. Financial assets and liabilities required to be classified or designated as financial assets and financial liabilities at fair value through profit or loss are measured at fair value, with gains and losses recorded in profit or loss for the period in which the change occurs.

Held-to-maturity investments are non-derivative financial assets, with fixed or determinable payments and fixed maturity dates that an entity has the intention and ability to hold to maturity. These financial assets are measured at amortized cost using the effective interest method. As at March 31, 2017, the Company does not have any financial assets classified as held-to-maturity.

Available-for-sale financial assets are non-derivative assets that are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or held-for-trading. Available-for-sale financial assets are carried at fair value with unrealized gains and losses included in other comprehensive income until such gains or losses are realized or an other than temporary impairment is determined to have occurred. Available-for-sale assets are measured at fair value, except for assets that do not have a readily determinable fair value which are recorded at cost. As at March 31, 2017, the Company does not have any financial assets classified as available-for-sale.

Financial assets classified as loans and receivables are measured at amortized cost using the effective-interest method. An impairment in the fair value of financial assets, which is not temporary, will be included in the determination of profit and loss for the period in which the impairment occurs.

Other financial liabilities are measured at amortized cost using the effective interest method and include all liabilities other than derivatives or liabilities that have been identified as financial assets and financial liabilities at fair value through profit or loss. The Company will assess at each reporting period whether there is any objective evidence that a financial asset, other than those classified as financial assets and financial liabilities at fair value through profit or loss, is impaired.

### **Exploration and Evaluation Costs**

Exploration and evaluation expenditures include the costs of acquiring licenses, exploration and evaluation activity, and the fair value, at the date of acquisition, of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained legal rights to explore an area are recognized in profit and loss.

Acquisition costs, including general and administration costs, are only capitalized to the extent that these costs are related to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if sufficient evidence exists to determine technical feasibility and commercial viability, and facts and circumstances suggest the carrying amount exceeds the recoverable amount.

Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mining property development assets within property and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependable on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

## **Decommissioning Liability**

An obligation to incur environmental restoration costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. These costs are discounted to their net present value and are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such cost arises. The timing of the actual expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through depreciation. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Estimated costs for environmental restoration costs are adjusted as changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capital costs of the related assets, in which case the capitalized cost is reduced to zero and the difference is recognized in profit or loss.

## **Share-based Compensation**

The share purchase option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share purchase options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by employees.

The fair value is measured at the grant date and each tranche is recognized on a straight-line basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black-Scholes pricing model taking into account the terms and conditions upon which the share purchase options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

## **CONTROLS AND PROCEDURES**

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSXV listed companies are not required to provide representations in filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI- 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosures of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **OUTSTANDING SHARE DATA**

### **Common shares**

The following table sets forth the Company's outstanding share data as at May 11, 2017:

Total issued common shares at March 31 and December 31, 2016 and March 31, 2017	48,251,503
Total outstanding stock options	1,875,000
Total outstanding warrants	8,326,817