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**Condensed Consolidated Interim Financial Statements
Three Months Ended July 31, 2015 and 2014
(Expressed in Canadian Dollars)
(Unaudited)**

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NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements of the Company for the three months ended July 31, 2015 and comparatives for the three months ended July 31, 2014 were prepared by management and have not been reviewed or audited by the Company's auditors.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian Dollars, Unaudited)

		Three Months Ended	
		July 31,	
	Note	2015	2014
Expenses			
Administration		\$ 15,000	\$ -
Consulting		41,278	31,080
Exploration and evaluation, net of recoveries	5(d)	359,122	95,267
Independent directors' fees		-	2,250
Investor relations		17,210	17,770
Office and general		6,413	2,374
Professional fees		43,239	19,380
Regulatory fees and taxes		6,044	43
Share-based payments	7(d)	47,140	-
Shareholders' communications		3,276	1,118
Transfer agent		1,513	1,296
Travel and promotion		3,481	398
		543,716	170,976
Foreign exchange (gain) loss		(20,126)	5,477
Loan interest accretion		-	599
Mineral property impairment	5	17,213	-
Realized gain on sale of marketable securities		-	(4,975)
		(2,913)	1,101
Net Loss for the Period		\$ 540,803	\$ 172,077
Other Comprehensive Loss			
Reclassification adjustment for realized gain on sale of marketable securities included in net loss		-	4,975
Unrealized loss (gain) on marketable securities, net of taxes		-	25
Net Loss and Comprehensive Loss for the Period		\$ 540,803	\$ 177,077
Attributable to:			
Southern Silver Exploration Corp. equity holders		503,322	177,077
Non-controlling interests	9	37,481	-
		\$ 540,803	\$ 177,077
Loss per share attributable to Southern Silver			
Exploration Corp. equity holders - basic and diluted		\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding		48,505,175	16,997,906

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

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars, Unaudited)

As at	Note	July 31, 2015	April 30, 2015
Current Assets			
Cash		\$ 2,063,447	\$ 63,149
Taxes and other receivables		15,147	24,192
Prepays		70,488	23,803
		2,149,082	111,144
Non-Current Assets			
Reclamation bonds		42,649	41,073
Mineral properties	5	2,067,008	2,055,487
		2,109,657	2,096,560
		\$ 4,258,739	\$ 2,207,704
Current Liabilities			
Accounts payable and accrued liabilities		\$ 539,385	\$ 430,256
Due to related parties	6	39,957	144,440
		579,342	574,696
Equity			
Share capital	7	31,519,497	30,655,145
Share-based payments reserve		608,654	580,265
Warrants reserve		900,000	800,000
Other reserve	9	985,020	9,270
Deficit		(30,896,243)	(30,411,672)
Equity attributable to shareholders		3,116,928	1,633,008
Non-controlling interest	9	562,469	-
		3,679,397	1,633,008
		\$ 4,258,739	\$ 2,207,704

Approved on behalf of the Board

"Lawrence Page"

Lawrence Page, Q.C.

"Eugene Spiering"

Eugene Spiering

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

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based					Equity	Non-	
	Number	Amount	Payments	Warrants	Other	AOCL	Deficit	Attributable to	Controlling	Total
	of Shares		Reserve	Reserve	Reserve			Shareholders	Interest	
Balance as at April 30, 2014	16,997,436	\$ 29,551,475	\$ 891,522	\$ 66,270	\$ -	\$ 5,000	\$ (29,667,696)	\$ 846,571	\$ -	\$ 846,571
Fair value of options and warrants expired	-	-	(3,512)	-	-	-	3,512	-	-	-
Other comprehensive loss	-	-	-	-	-	(5,000)	-	(5,000)	-	(5,000)
Net loss	-	-	-	-	-	-	(172,077)	(172,077)	-	(172,077)
Balance as at July 31, 2014	16,997,436	29,551,475	888,010	66,270	-	-	(29,836,261)	669,494	-	669,494
Balance as at April 30, 2015	44,483,436	\$ 30,655,145	\$ 580,265	\$ 800,000	\$ 9,270	\$ -	\$ (30,411,672)	\$ 1,633,008	\$ -	\$ 1,633,008
Issued										
Private placements	10,000,000	900,000	-	100,000	-	-	-	1,000,000	-	1,000,000
Subsidiary earn-in	-	-	-	-	-	-	-	-	599,950	599,950
Received on account of earn-in	-	-	-	-	975,750	-	-	975,750	-	975,750
Share issue costs	-	(35,648)	-	-	-	-	-	(35,648)	-	(35,648)
Share-based payments	-	-	47,140	-	-	-	-	47,140	-	47,140
Fair value of options and warrants expired	-	-	(18,751)	-	-	-	18,751	-	-	-
Net loss	-	-	-	-	-	-	(503,322)	(503,322)	(37,481)	(540,803)
Balance as at July 31, 2015	54,483,436	\$ 31,519,497	\$ 608,654	\$ 900,000	\$ 985,020	\$ -	\$ (30,896,243)	\$ 3,116,928	\$ 562,469	\$ 3,679,397

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

Southern Silver Exploration Corp.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
Three Months Ended July 31, 2015 and 2014
(Expressed in Canadian Dollars, Unaudited)

	2015	2014
Operating Activities		
Net loss	\$ (540,803)	\$ (172,077)
Items not involving cash:		
Interest accretion	-	599
Mineral property impairment	17,213	-
Share-based payments	47,140	-
Realized gain on sale of marketable securities	-	(4,975)
Unrealized foreign exchange loss	103,778	1,100
	(372,672)	(175,353)
Changes in non-cash working capital		
Taxes and other receivables	9,045	129,802
Prepays	(46,685)	11,159
Accounts payable and accrued liabilities	109,129	(91,838)
Due to related parties	(104,483)	15,821
	(32,994)	64,944
Cash Used in Operating Activities	(405,666)	(110,409)
Investing Activities		
Mineral property (acquisition) recovery	(28,734)	27,715
Proceeds on sale of marketable securities	-	15,975
Cash (Used in) Provided by Investing Activities	(28,734)	43,690
Financing Activities		
Proceeds from issuance of shares, net	1,564,302	-
Proceeds received on account of earn-in	975,750	-
Cash Provided by Financing Activities	2,540,052	-
Foreign Exchange Effect on Cash	(105,354)	(362)
Increase (Decrease) in Cash During the Period	2,000,298	(67,081)
Cash, Beginning of Period	63,149	121,247
Cash, End of Period	\$ 2,063,447	\$ 54,166

Supplemental cash flow information (Note 10)

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

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

1. Nature of Operations and Going Concern

Southern Silver Exploration Corp. (the "Company") is an exploration stage company incorporated under the laws of British Columbia, Canada. The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third party option and/or joint venture agreements. The Company's registered office is 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect present or future value.

These condensed consolidated interim financial statements were prepared 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. As at July 31, 2015 the Company had working capital of \$1,569,740 (April 30, 2015 - working capital deficiency of \$463,552). The Company incurred a net loss of \$540,803 for the three months ended July 31, 2015 (2014 - \$172,077) and had an accumulated deficit of \$30,896,243 as at April 30, 2015 (April 30, 2015 - \$30,411,672).

The Company has relied mainly upon the issuance of share capital to finance its activities. The Company will be required to rely on current earn-in agreements and / or issue share capital to finance future exploration and administrative activities. There can be no assurance that further financing will be available to the Company and, therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not include the adjustments to assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

2. Basis of Preparation

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standards 34: *Interim Financial Reporting* using historical cost, except for cash flow information and financial instruments measured at fair value, and include the financial results of the Company and of the entities controlled by the Company: Southern Silver Holdings Ltd. and Southern Silver Projects Ltd., both incorporated in the British Virgin Islands, Minera Plata del Sur S.A de C.V. and Exploraciones Magistral S.A de C.V., both incorporated in Mexico, and Southern Silver Exploration (US) Corp., incorporated in the United States. All inter-company transactions and balances have been eliminated upon consolidation.

The Company's functional and presentation currency is the Canadian dollar.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

2. Basis of Preparation, continued

These condensed consolidated interim financial statements do not include all of the information required for complete annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended April 30, 2015.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on September 28, 2015.

3. Summary of Significant Accounting Policies

The same accounting policies are used in the preparation of these condensed consolidated interim financial statements as for the most recent audited annual consolidated financial statements and reflect all the adjustments necessary for fair presentation of the results for the interim periods presented.

4. Financial Instruments

The Company's financial instruments include cash, reclamation bonds, accounts payable and accrued liabilities and amounts due to related parties.

The carrying values of accounts payable and accrued liabilities and amounts due to related parties approximate their fair values due to the short period to maturity. Reclamation bonds are non-interest-bearing, have no maturity date and their carrying values approximate fair value.

5. Mineral Properties

Mineral property acquisition costs as at July 31, 2015 were as follows:

	Mexico		USA	
	Cerro Las Minitas	Minas de Ameca	Oro	Total
	\$	\$	\$	\$
Balance as at April 30, 2014	1,378,892	-	-	1,378,892
Additions, net	676,595	-	34,679	711,274
Impairments	-	-	(34,679)	(34,679)
Balance as at April 30, 2015	2,055,487	-	-	2,055,487
Additions, net	11,521	-	17,213	28,734
Impairments	-	-	(17,213)	(17,213)
Balance as at July 31, 2015	2,067,008	-	-	2,067,008

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

Terms of the agreements for the above properties are described below:

(a) Cerro Las Minitas - Mexico

The property consists of 18 mineral concessions located in Durango, Mexico.

Pursuant to an agreement dated May 14, 2015, Electrum Global Holdings L.P. has the right to earn an indirect 60% interest in the property by funding exploration and development expenditures of US \$5,000,000 over a maximum four year period through the acquisition of common shares of Southern Silver Holdings Ltd (Note 9).

Pursuant to agreements dated July 7 and July 8, 2015, the Company can acquire certain equipment and one additional mineral concession. Remaining payments are due as follows (plus applicable local taxes):

- (i) US \$60,000 on signing (paid subsequent to period end);
- (ii) US \$40,000 on December 30, 2015; and
- (iii) US \$100,000 on June 30, 2016 (on condition of optionor providing registered title to the concession).

(b) Minas de Ameca - Mexico

On October 18, 2006, the Company acquired the El Magistral mineral claim in the Ameca region in the State of Jalisco, Mexico located about 80 kilometres west of Guadalajara. The claim is subject to a 1% NSR payable to the Mexican government.

The project previously comprised the El Magistral, Magistral I and San Luis claims. The Company returned Magistral I, which was in default, to the vendors and is continuing efforts to option the remaining claims to a third party. The Company considered these factors to be indicators of impairment and previously recorded an impairment provision against all capitalized costs relating to these claims.

(c) Oro - New Mexico, USA

The property consists of certain unpatented mining claims in the Eureka Mining District, Grant County, New Mexico, eight patented lode mining claims, which are adjacent to these claims, and surface rights to a contiguous property.

The unpatented mining claims are subject to a 2% NSR payable to the optionors whom have granted the Company an option to purchase the NSR at any time in 0.5% increments at US \$500,000 for each increment.

Pursuant to a lease with option to purchase agreement dated May 1, 2011, the Company can earn a 100% interest in six unpatented lode mining claims also located in the Eureka Mining District, Grant County, New Mexico.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

(c) Oro - New Mexico, USA, continued

Remaining lease payments are due as follows:

- (i) US \$6,000 annually on May 1, 2016 and May 1, 2017;
- (ii) US \$30,000 annually from May 1, 2018 to May 1, 2024; and
- (iii) US \$60,000 annually from May 1, 2025 to May 1, 2031.

The Company can purchase the property at any time by paying any amounts remaining under the lease, subject to a 1% NSR payable to the optionors, which terminates when aggregate payments thereunder equal US \$500,000.

The Company continues to assess its planned course of action with respect to the property and has determined this to be an indicator of impairment. Accordingly, an impairment provision was recorded against all capitalized costs relating to these claims.

(d) Exploration and Evaluation Expenses

Exploration expenditures incurred for the three months ended July 31, 2015 and 2014 were as follows:

	Mexico		USA		Total	
	Cerro Las Minitas		Oro			
	\$	\$	\$	\$	\$	\$
	2015	2014	2015	2014	2015	2014
Assays and geochemistry	28,638	14,495	1,406	-	30,044	14,495
Camp, utilities and supplies	21,145	4,129	2,603	-	23,748	4,129
Drilling	105,846	64,172	-	-	105,846	64,172
Equipment and field supplies	3,862	10,016	-	-	3,862	10,016
Geological and geophysics	19,124	50,089	11,515	-	30,639	50,089
Land fees	12,301	62,157	-	307	12,301	62,464
Project supervision	114,008	24,025	-	-	114,008	24,025
Project support	449	2,364	4,382	-	4,831	2,364
Taxes	32,168	82,014	-	-	32,168	82,014
Recoveries	-	(220,800)	-	-	-	(220,800)
	337,541	92,661	19,906	307	357,447	92,968
General exploration - other					1,675	2,299
					359,122	95,267

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

6. Related Party Balances and Transactions

Except as disclosed elsewhere in these condensed consolidated interim financial statements, the Company entered into the following related party transactions:

(a) Pursuant to a revised service agreement between the Company and a private company controlled by a director and officer of the Company, the Company was charged as follows:

- \$15,000 (2014 - \$nil) for office space and general administration services;
- \$6,000 (2014 - \$nil) for professional services;
- \$7,198 (2014 - \$nil) for consulting services;
- \$9,648 (2014 - \$nil) for investor relations services;
- \$34,558 (2014 - \$nil) for mineral property geological consulting services; and
- \$97 (2014 - \$nil) for the mark-up on out-of-pocket expenses.

Amounts payable as at July 31, 2015 were \$27,629 (April 30, 2015 - \$55,298).

(b) Fees in the amount of \$28,080 (2014 - \$28,080) were charged by a director and officer of the Company for consulting services. Amounts payable as at July 31, 2015 were \$9,828 (April 30, 2015 - \$19,656).

(c) Fees in the amount of \$25,047 (2014 - \$nil) were charged by a law firm controlled by a director and officer of the Company and included in professional fees, share issue costs and mineral property expenditures. Amounts payable as at July 31, 2015 were \$nil (April 30, 2015 - \$67,486).

(d) Fees in the amount of \$6,000 (2014 - \$3,000) were charged by an officer of the Company for consulting services. Amounts payable as at July 31, 2015 were \$2,500 (April 30, 2015 - \$2,000).

(e) Fees of \$nil (2014 - \$2,250) were payable with respect to independent directors' fees. Such fees ceased to be payable effective November 1, 2014.

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. Compensation awarded to key management, included in (b), (d) and (e) above, was as follows:

	2015	2014
Short-term benefits	\$ 34,080	\$ 33,330
Share-based payments	36,534	-
Total	\$ 70,614	\$ 33,330

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

6. Related Party Balances and Transactions, continued

One executive officer is also entitled to termination benefits in the event of a change of control equal to one hundred percent of the compensation that would have been paid during the unexpired term of their agreement. The remaining balance payable under the agreement termination clause as at July 31, 2015 was \$439,920.

7. Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

(a) Equity Financings

Three months ended July 31, 2015

On June 26, 2015, the Company closed a non-brokered private placement by issuing 10,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,000,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable to purchase one additional common share for a period of five years at an exercise price of \$0.15 per share.

(b) Stock Options

On July 29, 2015, the Company granted 1,000,000 stock options to directors, officers and consultants exercisable for a period of five years at an exercise price of \$0.08 per share.

Stock options outstanding and exercisable as at July 31, 2015 were as follows:

Exercise Price	Grant Date Fair Value	Expiry Date	Balance			Balance July 31, 2015
			April 30, 2015	Granted	Expired	
\$1.70	\$1.33	November 29, 2015	50,000	-	7,500	42,500
\$0.08	\$0.07	November 29, 2015	61,500	-	-	61,500
\$1.70	\$1.13	December 13, 2015	10,000	-	-	10,000
\$1.00	\$0.56	June 5, 2017	35,000	-	-	35,000
\$1.00	\$0.29	March 14, 2018	180,000	-	30,000	150,000
\$0.08	\$0.05	March 14, 2018	220,200	-	-	220,200
\$0.50	\$0.13	March 24, 2019	50,000	-	-	50,000
\$0.08	\$0.07	March 26, 2020	3,503,500	-	-	3,503,500
\$0.08	\$0.05	July 29, 2020	-	1,000,000	-	1,000,000
			4,110,200	1,000,000	37,500	5,072,700
Weighted average exercise price			\$0.16	\$0.08	\$1.14	\$0.13
Weighted average remaining life in years			4.55			4.45

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

7. Share Capital, continued

(c) Share Purchase Warrants

Share purchase warrants outstanding as at July 31, 2015 were as follows:

Exercise Price	Expiry Date	Balance	
		April 30, 2015	Issued
\$1.00	January 31, 2016	845,200	-
\$1.00	February 28, 2016	787,300	-
\$0.50	September 13, 2016	703,015	-
\$0.50	October 11, 2016	1,836,750	-
\$0.08	March 4, 2020	2,335,407	-
\$0.08	March 5, 2020	15,884,593	-
\$0.08	March 11, 2020	1,810,000	-
\$0.15	June 26, 2020	-	10,000,000
		24,202,265	10,000,000
Weighted average exercise price		\$0.19	\$0.15
Weighted average remaining life in years		4.22	4.24

(d) Fair Value Determination

The fair value of stock options granted were calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2015
Risk-free interest rate	0.83%
Expected share price volatility	117.22%
Expected option/warrant life (years)	5.00
Expected dividend yield	0.00%

The expected volatility assumptions have been developed taking into consideration historical volatility of the Company's share price.

The total calculated fair value of share-based payments for the three months ended July 31, 2015 were included in the condensed consolidated interim financial statements as follows:

	2015
Consolidated Statements of Comprehensive Loss	
Directors and officers	\$ 36,534
Consultants	10,606
Total	\$ 47,140

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

8. Segmented Information

The Company conducts its business as a single operating segment, being the acquisition and exploration of mineral properties. As at July 31, 2015 and April 30, 2015 the Company's non-current assets were all located in Mexico.

9. Non-Controlling Interest

On May 14, 2015, the Company entered into an agreement with Electrum Global Holdings L.P. ("Electrum") for the right to earn an indirect 60% interest in the Cerro Las Minitas property, through the acquisition of common shares of Southern Silver Holdings Ltd. ("SSH"), by funding exploration and development expenditures of US \$5,000,000 over a maximum four year period.

On closing, Electrum contributed US \$500,000 and received a 10.71% interest in SSH, which will be forfeited if Electrum does not contribute an additional US \$1,500,000 over the initial 18 month period of the option term (US \$750,000 received as of July 31, 2015 and shown in Other Reserve). The initial US \$2,000,000 will earn Electrum a 30% interest in SSH. Electrum will then have the right to earn an additional 20% by expending US \$1,500,000 in the succeeding 30 months of the option term. A final 10% interest may be earned by expending an additional US \$1,500,000 during this time period.

10. Supplemental Cash Flow Information

	2015	2014
Cash items		
Interest received	\$ -	\$ -
Income tax paid	\$ -	\$ -
Interest paid	\$ -	\$ -

11. Events After the Reporting Period

Other than events disclosed elsewhere in these condensed consolidated interim financial statements, no material events occurred subsequent to July 31, 2015.



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**Management's Discussion and Analysis
For the Three Months Ended July 31, 2015
Dated: September 28, 2015**

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Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended July 31, 2015

A. Introduction

The following Management's Discussion and Analysis ("MD&A") of the consolidated operating results and financial condition of Southern Silver Exploration Corp. (the "Company") is for the three months ended July 31, 2015 and is dated September 28, 2015. This MD&A was prepared to conform to National Instrument 51-102F1 and was approved by the Board of Directors prior to its release. This analysis should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended July 31, 2015, and the Company's audited consolidated financial statements for the year ended April 30, 2015, and the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company's shares trade on the TSX Venture Exchange under the symbol "SSV.V", on the Frankfurt Stock Exchange under the symbol "SEG.F" and on the Santiago Stock Exchange, Venture under the symbol "SSVCL".

The Company's functional and reporting currency is the Canadian dollar and all dollar amounts included herein are in Canadian dollars, unless otherwise indicated.

Additional information relating to the Company, including detailed drill results previously disclosed in news releases, is available on the Company's website at www.southernsilverexploration.com and on SEDAR at www.sedar.com.

B. Qualified Person

Robert W. J. Macdonald, P. Geo., is the qualified person under National Instrument 43-101 responsible for the technical information included in this MD&A and the supervision of work done in association with the exploration and development programs. Mr. Macdonald graduated with a B.Sc. degree from Memorial University of Newfoundland and a M.Sc. from the University of British Columbia. His work has focused on vein and intrusive-related gold systems and massive sulfide deposits.

C. Foreign Exchange Information and Conversion Tables

For ease of reference, the following information is provided:

Canadian Dollars per US Dollar ⁽¹⁾			Conversion Table ⁽²⁾		
	Three Months ended July 31,		Imperial		Metric
	2015	2014			
Rate at end of period	1.3080	1.0904	1 acre	=	0.404686 hectares
Average rate for period	1.2478	1.0817	1 foot	=	0.304800 meters
High for period	1.3080	1.0980	1 mile	=	1.609344 kilometres
Low for period	1.1967	1.0639	1 ton	=	0.907185 tonnes
			1 Ounce (troy)/ton	=	34.285700 g/t

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C. Foreign Exchange Information and Conversion Tables, continued

Precious metal units and conversion factors ⁽²⁾					
ppb	- Part per billion	1 ppb	=	0.0010 ppm	= 0.000030 oz/t
ppm	- Part per million	100 ppb	=	0.1000 ppm	= 0.002920 oz/t
oz	- Ounce (troy)	10,000 ppb	=	10.0000 ppm	= 0.291670 oz/t
oz/t	- Ounce per ton (avdp.)	1 ppm	=	1.0000 ug/g	= 1.000000 g/t
g	- Gram				
g/t	- gram per metric ton	1 oz/t	=	34.2857 ppm	
mg	- milligram	1 Carat	=	41.6660 mg/g	
kg	- kilogram	1 ton (avdp.)	=	907.1848 kg	
ug	- microgram	1 oz (troy)	=	31.1035 g	

(1) Information from www.bankofcanada.ca

(2) Information from www.onlineconversion.com

D. Summary of Mineral Properties

The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third party option and/or joint venture agreements.

The Company is continuing to advance its core asset - Cerro Las Minitas - a silver-lead-zinc property located in Durango State, Mexico. The property is a large land position and lies within the prolific Faja de Plata (Belt of Silver) of north central Mexico.

The Company also continues to advance Oro - a gold-silver-copper-lead-zinc property located in New Mexico, USA. The property features a classic porphyry zonation within the highly prospective Laramide Porphyry belt of the southern USA. The Company is actively seeking a partner to finance further exploration on this property.

Cerro Las Minitas - Durango, Mexico

The property is located about 70 kilometres to the northeast of the city of Durango in Durango State, Mexico, and is accessed easily by road. The property comprises 18 concessions totalling approximately 13,700 hectares in one of the most significant silver producing regions in the world with current reserves/resources and historic production in excess of 3 billion ounces of silver.

On May 14, 2015, the Company granted Electrum Global Holdings L.P. ("Electrum") the right to earn an indirect 60% interest in the property by funding exploration and development expenditures of US \$5,000,000 over a maximum 48 month period.

Since acquisition, drilling identified two high-grade silver-polymetallic deposits, the Blind Zone and El Sol Zone, which have been only partially delineated. New discoveries have also been made at the North Skarn and South Skarn targets and in extensions to the historic deposits at Mina Santo Nino and Mina La Bocona.

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D. Summary of Mineral Properties, continued

Cerro Las Minitas - Durango, Mexico, continued

Mineralization occurs as massive-sulphide pipes, veins and replacements in sub-vertical structures that demonstrate good continuity between drill holes. Mineralization is open on-strike and at depth in a similar geological environment to that of major Mexican Carbonate Replacement Deposits (CRDs) such as Santa Eulalia (45Mt of 310g/t Ag, 7.1% Zn and 8.2% Pb) and Skarn deposits such as San Martin (60Mt of 118g/t silver, 0.9% copper and 3.9% zinc).

Geological modeling of the Blind and El Sol deposit using a nominal 80g/t AgEq cut-off has identified multiple distinct mineralized structures with a 820 metre cumulative strike-length and with depth projections of up to 350 metres below surface. Deeper mineralization has also been identified at the El Sol and Santo Nino zones.

Exploration is underway on the property consisting of both surface geochemistry and a 10,000 metre drill program. This initial drill program will focus on expanding the known mineralization at the Blind and El Sol zones as well as testing for new discoveries at the numerous additional skarn targets around the margins of the central intrusion and throughout the larger district.

Two core drills are currently operating on the property. Four drill holes have been completed and sampled; assays are pending.

Soil sampling in the area has extended sample coverage outboard of the known areas of mineralization and now covers several geophysical anomalies outlined in earlier surveys. Approximately 450 samples have been collected and submitted for analyses and include samples for several soils lines over previously identified Western and Eastern biogeochemical anomalies on the larger 137 square kilometre property; assays are pending. Further soil sampling and prospecting is proceeding over the Eastern anomalies and in several key areas along the 25 kilometre strike-length. New drill targets will be defined based on the results of this work.

Encouraging results of preliminary metallurgical testing were also reported from the Blind - El Sol Zone. Testing was done on a composite of 10 samples taken from the high-grade dump at the La Lupita shaft.

The head analyses of the composite returned 225g/t Ag, 0.06g/t Au, 0.11% Cu, 6.6%Pb and 5.4% Zn. Both lead and zinc concentrates were produced via batch flotation with the following results:

- Approximately 82% of the silver, 86% of the lead and 12% of the zinc was recovered into the lead rougher concentrate assaying 2000ppm Ag, 61.5% Pb and 7.2% Zn. The concentrate was later upgraded to 2300ppm Ag and 71.1% Pb, and
- Subsequent zinc flotation recovered 79% of the zinc into a rougher concentrate at a grade of 39.5% Zn. Two-stage cleaning of the concentrate increased the grade to 49.7% Zn.

These preliminary results are significant in that two separate, high-grade concentrates were produced from mined material from the Blind zone. Additional test-work is recommended utilizing different reagents in order to further upgrade the final concentrates. Samples charges of the composite have been retained and this work will be completed after the next phase of exploration on the property.

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D. Summary of Mineral Properties, continued

Minas de Ameca - Jalisco, Mexico

The Minas de Ameca project, located about 80 kilometres west of Guadalajara, previously comprised the El Magistral, Magistral I and San Luis claims. The Company returned Magistral I, which was in default, to the vendors and is continuing efforts to option the remaining claims to a third party.

Oro - New Mexico, USA

The Oro property comprises a contiguous block of Federal, State and private land totaling 11.8 square kilometres in the historic Eureka mining district in Grant County, New Mexico and is located approximately 80 kilometres southwest of the Silver City porphyry copper district.

The claims surround a highly prospective quartz-sericite-pyrite alteration footprint, interpreted to overlie an unexposed porphyry centre. Classic porphyry system zonation is indicated by surface gold and copper mineralization associated with Laramide-age intrusions in this core area, flanked by lead-zinc skarn mineralization and distal sediment-hosted gold occurrences.

In addition to bulk-tonnage porphyry copper-molybdenum-gold potential, the property also includes the high-grade sediment-hosted Stock Pond gold target. Reconnaissance rock sampling has been completed over a strike length of 140 metres, yielding values up to 4.8 grams per tonne gold. Gold mineralization is interpreted to be related to the main porphyry centre, located 4 kilometres to the southwest.

The Company has a planned exploration program which includes a detailed deep penetrating geophysical program, surface mapping, sampling, trenching and diamond drilling to test both the porphyry potential on the property as well as the gold potential at Stock Pond, pending market or partner financing.

Acquisition Costs

Mineral property acquisition costs are capitalized, net of recoveries. Mineral property acquisition costs as at July 31, 2015 were as follows:

	Mexico		USA	
	Cerro Las Minitas	Minas de Ameca	Oro	Total
	\$	\$	\$	\$
Balance as at April 30, 2014	1,378,892	-	-	1,378,892
Additions, net	676,595	-	34,679	711,274
Impairments	-	-	(34,679)	(34,679)
Balance as at April 30, 2015	2,055,487	-	-	2,055,487
Additions, net	11,521	-	17,213	28,734
Impairments	-	-	(17,213)	(17,213)
Balance as at July 31, 2015	2,067,008	-	-	2,067,008

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D. Summary of Mineral Properties, continued

Exploration and Evaluation Expenses

Exploration and evaluation expenditures are expensed as incurred. Exploration and evaluation expenditures incurred for the three months ended July 31, 2015 and 2014, were as follows:

	Mexico		USA		Total	
	Cerro Las Minitas		Oro			
	\$	\$	\$	\$	\$	\$
	2015	2014	2015	2014	2015	2014
Assays and geochemistry	28,638	14,495	1,406	-	30,044	14,495
Camp, utilities and supplies	21,145	4,129	2,603	-	23,748	4,129
Drilling	105,846	64,172	-	-	105,846	64,172
Equipment and field supplies	3,862	10,016	-	-	3,862	10,016
Geological and geophysics	19,124	50,089	11,515	-	30,639	50,089
Land fees	12,301	62,157	-	307	12,301	62,464
Project supervision	114,008	24,025	-	-	114,008	24,025
Project support	449	2,364	4,382	-	4,831	2,364
Taxes	32,168	82,014	-	-	32,168	82,014
Recoveries	-	(220,800)	-	-	-	(220,800)
	337,541	92,661	19,906	307	357,447	92,968
General exploration - other					1,675	2,299
					359,122	95,267

E. Results of Operations

During the three months ended July 31, 2015 the Company recognized a net loss and comprehensive loss of \$540,803 (2014 - \$177,077).

Fluctuations in administration, consulting, exploration and evaluation, office and general and professional fees arose mainly as a result of a revised service agreement which had a retrospective effective date of February 1, 2014 (*G - Related Party Transactions*).

As per the Company's mandate to acquire, explore, and develop mineral resource properties, and pursuant to an earn-in agreement with Electrum, the Company has commenced an initial exploration program on the Cerro Las Minitas property consisting of both surface geochemistry and a 10,000 metre drill program. During the previous period, the Company recovered exploration costs incurred under an earn-in agreement which was terminated during the three months ended October 31, 2014.

Independent directors' fees decreased as result of the cessation of such fee arrangements effective November 1, 2014.

Non-cash share-based payments vary as stock options are granted and vest.

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For the Three Months Ended July 31, 2015

E. Results of Operations, continued

Foreign exchange gains and losses fluctuate based on the US and Canadian dollar exchange rate and the extent of transactions and balances denominated in US dollars.

The Company continues to assess its planned course of action with respect to non-core properties and has determined that there are certain indicators of impairment and, as a result, recorded an impairment provision against all capitalized costs relating to the Oro property.

A summary of variances is as follows:

	2015	2014	Variance	
	\$	\$	\$	%
Administration	15,000	-	15,000	-
Consulting	41,278	31,080	10,198	33%
Exploration and evaluation, net of recoveries	359,122	95,267	263,855	277%
Independent directors' fees	-	2,250	(2,250)	(100%)
Investor relations	17,210	17,770	(560)	(3%)
Office and general	6,413	2,374	4,039	170%
Professional fees	43,239	19,380	23,859	123%
Regulatory fees and taxes	6,044	43	6,001	13,956%
Share-based payments	47,140	-	47,140	-
Shareholders' communications	3,276	1,118	2,158	193%
Transfer agent	1,513	1,296	217	17%
Travel and promotion	3,481	398	3,083	775%
Foreign exchange (gain) loss	(20,126)	5,477	25,603	467%
Loan interest accretion	-	599	599	100%
Mineral property impairment	17,213	-	(17,213)	-
Realized gain on sale of marketable securities	-	(4,975)	(4,975)	100%
Reclassification adjustment for realized gain on sale of marketable securities included in net loss	-	4,975	4,975	100%
Unrealized loss (gain) on marketable securities, net of taxes	-	25	25	100%

F. Summary of Quarterly Results

The following financial data was derived from the Company's consolidated financial statements for the eight previous quarters:

	Jul 31, 2015 \$	Apr 30, 2015 \$	Jan 31, 2015 \$	Oct 31, 2014 \$	Jul 31, 2014 \$	Apr 30, 2014 \$	Jan 31, 2014 \$	Oct 31, 2013 \$
Net loss	540,803	613,032	457,961	126,702	172,077	1,321,479	170,114	570,446
Basic and diluted loss per share	\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.01	\$ 0.01	\$ 0.08	\$ 0.01	\$ 0.04

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F. Summary of Quarterly Results, continued

The Company earned no revenue during the periods presented other than minimal interest income due to the nature of current operations.

Quarterly fluctuations during the periods presented mainly relate to a revised service agreement (*G - Related Party Transactions*), recognition of share-based payments which occur as stock options are granted and vest, foreign exchange gains and losses which vary with market rates and mineral property exploration expenses or impairments which occur as projects are identified and drilling results are analyzed or other indicators arise.

The Company previously recovered exploration costs incurred under an earn-in agreement which was terminated during the three months ended October 31, 2014. Significant impairment charges were recognized in the three months ended October 31, 2013 and April 30, 2014 related to the Company's non-core properties.

G. Related Party Transactions

Except as disclosed elsewhere, the Company entered into the following related party transactions:

- (a) Pursuant to a revised service agreement between the Company and a private company controlled by a director and officer of the Company, the Company was charged as follows:
- \$15,000 (2014 - \$nil) for office space and general administration services;
 - \$6,000 (2014 - \$nil) for professional services;
 - \$7,198 (2014 - \$nil) for consulting services;
 - \$9,648 (2014 - \$nil) for investor relations services;
 - \$34,558 (2014 - \$nil) for mineral property geological consulting services; and
 - \$97 (2014 - \$nil) for the mark-up on out-of-pocket expenses.

Amounts payable as at July 31, 2015 were \$27,629 (April 30, 2015 - \$55,298).

- (b) Fees in the amount of \$28,080 (2014 - \$28,080) were charged by a director and officer of the Company for consulting services. Amounts payable as at July 31, 2015 were \$9,828 (April 30, 2015 - \$19,656).
- (c) Fees in the amount of \$25,047 (2014 - \$nil) were charged by a law firm controlled by a director and officer of the Company and included in professional fees, share issue costs and mineral property expenditures. Amounts payable as at July 31, 2015 were \$nil (April 30, 2015 - \$67,486).
- (d) Fees in the amount of \$6,000 (2014 - \$3,000) were charged by an officer of the Company for consulting services. Amounts payable as at July 31, 2015 were \$2,500 (April 30, 2015 - \$2,000).
- (e) Fees of \$nil (2014 - \$2,250) were payable with respect to independent directors' fees. Such fees ceased to be payable effective November 1, 2014.

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

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G. Related Party Transactions, continued

The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits.

Compensation awarded to key management, included in (b), (d) and (e) above, was as follows:

	2015	2014
Short-term benefits	\$ 34,080	\$ 33,330
Share-based payments	36,534	-
Total	\$ 70,614	\$ 33,330

One executive officer is also entitled to termination benefits in the event of a change of control equal to one hundred percent of the compensation that would have been paid during the unexpired term of their agreement. The remaining balance payable under the agreement termination clause as at July 31, 2015 was \$439,920.

H. Financial Condition, Liquidity and Capital Resources

During the three months ended July 31, 2015, pursuant to its earn-in agreement, Electrum completed contributions totalling US \$1,250,000 towards its initial commitment, which funds are being utilized to fund exploration and related activities. In addition, on June 24, 2015, the Company closed a non-brokered private placement and issued a total of 10,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,000,000.

As at July 31, 2015 the Company had working capital of \$1,569,740 (April 30, 2015 - working capital deficiency of \$463,552).

However, the Company does not yet generate any revenue from operations and, for the foreseeable future, the Company will need to rely upon current earn-in agreements and / or issue share capital to finance future exploration and administrative activities.

Although the Company has been successful in its financing initiatives, there can be no assurance that the Company will be able to obtain adequate future financing. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with a possible loss of some properties and reduction or termination of operations.

I. Outstanding Equity and Convertible Securities

i) Issued and Outstanding Shares

As at July 31, 2015 and September 28, 2015, the Company had 54,483,436 common shares issued and outstanding.

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I. Outstanding Equity and Convertible Securities, continued

ii) Stock Options

As at September 28, 2015, the Company had stock options outstanding as follows:

Exercise Price	Expiry Date	Balance July 31, 2015	Balance September 28, 2015
\$1.70	November 29, 2015	42,500	42,500
\$0.08	November 29, 2015	61,500	61,500
\$1.70	December 13, 2015	10,000	10,000
\$1.00	June 5, 2017	35,000	35,000
\$1.00	March 14, 2018	150,000	150,000
\$0.08	March 14, 2018	220,200	220,200
\$0.50	March 24, 2019	50,000	50,000
\$0.08	March 26, 2020	3,503,500	3,503,500
\$0.08	July 29, 2020	1,000,000	1,000,000
		5,072,700	5,072,700
Weighted average exercise price		\$0.13	\$0.13
Weighted average remaining life in years		4.45	4.29

iii) Share Purchase Warrants

As at September 28, 2015, the Company had share purchase warrants outstanding as follows:

Exercise Price	Expiry Date	Balance July 31, 2015	Balance September 28, 2015
\$1.00	January 31, 2016	845,200	845,200
\$1.00	February 28, 2016	787,300	787,300
\$0.50	September 13, 2016	703,015	703,015
\$0.50	October 11, 2016	1,836,750	1,836,750
\$0.08	March 4, 2020	2,335,407	2,335,407
\$0.08	March 5, 2020	15,884,593	15,884,593
\$0.08	March 11, 2020	1,810,000	1,810,000
\$0.15	June 26, 2020	10,000,000	10,000,000
		34,202,265	34,202,265
Weighted average exercise price		\$0.18	\$0.18
Weighted average remaining life in years		4.24	4.08

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J. Financial Instruments

The Company's financial instruments include cash, reclamation bonds, accounts payable and accrued liabilities and amounts due to related parties.

The Company has classified its financial instruments into the following categories:

Financial Instrument	Category	Carrying Value
Cash	FVTPL	Fair Value
Reclamation Bonds	Loans and Receivables	Amortized Cost
Accounts Payable and Accrued Liabilities	Other Financial Liabilities	Amortized Cost
Due to Related Parties	Other Financial Liabilities	Amortized Cost

The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short period to maturity. Reclamation bonds are non-interest-bearing, have no maturity date and their carrying values approximate fair value.

These financial instruments have no material risk exposure. Risk is managed with respect to cash by risk management policies that require significant cash deposits or short-term investments be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. In addition, all investments must be less than one year in duration.

K. Events After the Reporting Period and Outlook

There are no other material events subsequent to the date of this document. The Company is continuing to explore its core property and activities over the ensuing year will focus on this. The Company expects to continue its strategy of collaborating with experienced mining companies to acquire and develop other properties and to advance them to production.

L. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate entering into any such arrangements in the foreseeable future.

M. Disclosure Controls and Procedures

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The Audit Committee is composed of three directors, two of whom are independent, who meet at least quarterly with management, and at least annually with the external auditors, to review accounting, internal control, financial reporting and audit matters.

There have been no significant changes to the Company's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

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M. Disclosure Controls and Procedures, continued

The Audit Committee has established procedures for complaints received regarding accounting, internal controls or auditing matters, and for a confidential, anonymous submission procedure for employees who have concerns regarding questionable accounting or auditing matters. The Whistleblower policy is in accordance with National Instrument 52-110 Audit Committees, National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices.

Being a venture issuer, the Company is exempted from the certification on Disclosure Controls and Procedures and Internal Control Over Financial Reporting. The Company is required to file Form 52-109FV1 for annual reporting and Form 52-109FV2 for interim reporting.

N. Risks and Uncertainties

The principal business of the Company is the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of development, the following risk factors, among others, should be considered:

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The Company does not hold any known mineral reserves of any kind and does not generate any revenues from production. The Company's success will depend largely upon its ability to locate commercially productive mineral reserves. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive.

There is no assurance that exploration efforts will be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the level of geological and technical expertise, and the quality of property available for exploration.

Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities.

Because of these uncertainties, no assurance can be given that our exploration programs will result in the establishment or expansion of resources or reserves.

No Operating History and Availability of Financial Resources

The Company does not have an operating history and has no operating revenues and is unlikely to generate any significant amount in the foreseeable future. Therefore, it may not have sufficient financial resources to undertake, by itself, all of its planned exploration and administrative activities.

Historically, the Company has relied mainly upon the issuance of share capital to finance its activities.

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Management's Discussion and Analysis

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N. Risks and Uncertainties, continued

In the future, the Company will be required to rely on current earn-in agreements and / or issue share capital to finance future exploration and administrative activities, which may result in dilution to existing shareholders.

Furthermore, the amount of additional funds required may not be available under favorable terms, if at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or discontinue its operations.

Price Volatility and Lack of Active Market

Securities markets in Canada and elsewhere continue to experience a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly. If an active market does not develop, the liquidity of the investment may be limited and the market price of such securities may decline below the subscription price.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key directors, officers and senior personnel. Loss of any one of those persons could have an adverse effect on the Company.

The Company does not currently maintain "key-man" insurance in respect of any of its management.

Government Regulations and Environmental Risks and Hazards

The Company conduct is subject to various federal, provincial, state laws, rules and regulations, including environmental legislation. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource property interests, the potential for production on the property may be diminished or negated.

The Company has adopted environmental practices designed to ensure that it continues to comply with environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation. Environmental hazards may exist on the Company's properties, which may have been caused by previous or existing owners or operators of the properties.

The Company is not aware of any existing environmental hazards related to any of its current property interests that may result in material liability to the Company.

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N. Risks and Uncertainties, continued

Competition

The resource industry is intensively competitive in all of its phases, and the Company competes with many other companies possessing much greater financial and technical resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped properties.

The principal competitive factors in the acquisition of prospective properties include the staff and data necessary to identify and investigate such properties, and the financial resources necessary to acquire and develop the projects. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration.

Title to Property

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers, aboriginal land claims or government expropriation and title may be affected by undetected defects.

Licenses and Permits

The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations for work in progress and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

O. Proposed Transactions

Other than normal course review of monthly submittals, there are no other new acquisitions or proposed transactions contemplated as at the date of this report.

P. Forward-Looking Statements

Some of the statements contained in this MD&A may be deemed "forward-looking statements." These include estimates and statements that describe the Company's future plans, objectives or goals, and expectations of a stated condition or occurrence. Forward-looking statements may be identified by the use of words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan".

Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

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P. Forward-Looking Statements, continued

Actual results relating to, among other things, results of exploration, reclamation, capital costs, and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as but not limited to; changes in general economic conditions and conditions in the financial markets; changes in demand and prices for the minerals the Company expects to produce; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; changing foreign exchange rates and other matters discussed in this MD&A.

Readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, are included in the filings by the Company with securities regulatory authorities. The Company does not assume any obligation to update or revise any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws, whether as a result of new information, future events or otherwise.