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**Condensed Consolidated Interim Financial Statements
Nine Months Ended January 31, 2014 and 2013
(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 nine months ended January 31, 2014 and comparatives for the nine months ended January 31, 2013 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		Nine Months Ended	
	Note	January 31,		January 31,	
		2014	2013	2014	2013
Expenses					
Administration		\$ 31,500	\$ 31,500	\$ 94,500	\$ 89,500
Consulting		32,869	76,570	112,005	159,380
Exploration and evaluation, net of recoveries	5(e)	(938)	(693,294)	(185,171)	(321,180)
Independent directors' fees		8,337	11,703	26,008	28,193
Investor relations		27,770	20,679	131,301	100,691
Office and general		7,925	13,113	26,095	41,589
Professional fees		43,503	41,864	172,398	165,720
Regulatory fees and taxes		772	605	5,128	4,222
Share-based payments		-	29	-	24,298
Shareholders' communications		619	1,348	2,485	8,215
Transfer agent		225	1,847	5,812	5,502
Travel and promotion		-	251	2,126	11,902
		152,582	(493,785)	392,687	318,032
Foreign exchange loss (gain)		17,010	(6,843)	31,018	(14,459)
Interest income		(77)	(62)	(232)	(276)
Loan interest accretion		599	3,003	1,802	5,005
Mineral property impairment	5	-	331,395	369,010	331,395
		17,532	327,493	401,598	321,665
Net Loss (Income) for the Period		\$ 170,114	\$ (166,292)	\$ 794,285	\$ 639,697
Other Comprehensive Income					
Unrealized gain on fair value of marketable securities	3	-	-	(8,000)	-
Net Loss (Income) and Comprehensive Loss (Income) for the Period		\$ 170,114	\$ (166,292)	\$ 786,285	\$ 639,697
Loss per share - basic and diluted		\$ 0.00	\$ (0.00)	\$ 0.01	\$ 0.00
Weighted average number of common shares outstanding		168,979,059	128,543,478	155,371,087	128,346,638

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	January 31, 2014	April 30, 2013
Current Assets			
Cash		\$ 53,924	\$ 16,054
Taxes and other receivables		6,135	26,890
Marketable securities	3	17,000	9,000
Prepays		52,663	19,622
		129,722	71,566
Non-Current Assets			
Reclamation bonds	4	43,667	119,068
Mineral properties	5	2,628,486	3,059,621
		2,672,153	3,178,689
		\$ 2,801,875	\$ 3,250,255
Current Liabilities			
Accounts payable and accrued liabilities	6(h)	\$ 474,829	\$ 630,614
Due to related parties	6	163,754	118,056
Loans payable	7	50,852	49,050
		689,435	797,720
Equity			
Share capital	8	29,501,475	29,073,186
Share-based payments reserve		891,058	1,054,446
Warrants reserve		66,270	66,270
Accumulated other comprehensive gain (loss)		6,000	(2,000)
Deficit		(28,352,363)	(27,739,367)
		2,112,440	2,452,535
		\$ 2,801,875	\$ 3,250,255

Approved on behalf of the Board

"Lawrence Page"

Lawrence Page, Q.C.

"Terry Eyton"

Terry Eyton, FCA

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 Changes in Equity

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based Payments Reserve	Warrants Reserve	Accumulated Other Comprehensive		Total
	Number of Shares	Amount			Gain (Loss)	Deficit	
Balance as at April 30, 2012	128,240,913	\$ 28,345,365	\$ 1,297,771	\$ 66,270	-	\$ (27,130,744)	\$ 2,578,662
Issued							
Private Placements	8,002,000	400,100	-	-	-	-	400,100
Shares for mineral property	700,000	35,000	-	-	-	-	35,000
Shares for loan	96,000	4,800	-	-	-	-	4,800
Share issue costs	-	(15,058)	7,691	-	-	-	(7,367)
Fair value of options and warrants expired	-	-	(429,756)	-	-	429,756	-
Share-based payments	-	-	24,298	-	-	-	24,298
Net loss for the period	-	-	-	-	-	(639,697)	(639,697)
Balance as at January 31, 2013	137,038,913	28,770,207	900,004	66,270	-	(27,340,685)	2,395,796
Balance as at April 30, 2013	144,698,909	\$ 29,073,186	\$ 1,054,446	\$ 66,270	(2,000)	\$ (27,739,367)	\$ 2,452,535
Issued							
Private Placement	24,280,150	485,603	-	-	-	-	485,603
Share issue costs	-	(57,314)	17,901	-	-	-	(39,413)
Fair value of options and warrants expired	-	-	(181,289)	-	-	181,289	-
Unrealized gain on marketable securities	-	-	-	-	8,000	-	8,000
Net loss for the period	-	-	-	-	-	(794,285)	(794,285)
Balance as at January 31, 2014	168,979,059	\$ 29,501,475	\$ 891,058	\$ 66,270	6,000	\$ (28,352,363)	\$ 2,112,440

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

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

	2014	2013
Operating Activities		
Net loss for the period	\$ (794,285)	\$ (639,697)
Items not involving cash:		
Interest accretion	1,802	5,005
Mineral property impairment	369,010	331,395
Share-based payments	-	24,298
Unrealized foreign exchange loss (gain)	2,622	(330)
	(420,851)	(279,329)
Changes in non-cash working capital		
Taxes and other receivables	20,755	15,413
Prepays	(33,041)	(17,069)
Accounts payable and accrued liabilities	(155,785)	(136,236)
Due to related parties	45,698	175,404
	(122,373)	37,512
Cash Used in Operating Activities	(543,224)	(241,817)
Investing Activities		
Mineral property recovery (acquisition)	62,125	(46,026)
Reclamation bond recovery	75,574	-
Cash Provided by (Used in) Investing Activities	137,699	(46,026)
Financing Activities		
Proceeds from issuance of shares, net	446,190	392,733
Loans received	-	48,000
Loan interest paid	-	(605)
Cash Provided by Financing Activities	446,190	440,128
Foreign Exchange Effect on Cash	(2,795)	(1,563)
Increase in Cash During the Period	37,870	150,722
Cash, Beginning of Period	16,054	452,344
Cash, End of Period	\$ 53,924	\$ 603,066

Supplemental cash flow information (Note 11)

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

Nine Months Ended January 31, 2014 and 2013

(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 January 31, 2014, the Company had a working capital deficiency of \$559,713 (April 30, 2013 - \$726,154). The Company incurred a net loss of \$794,285 for the nine months ended January 31, 2014 (2013 - \$639,697) and had an accumulated deficit of \$28,352,363 as at January 31, 2014 (April 30, 2013 - \$27,739,367).

As at January 31, 2014, the Company does not have sufficient working capital to meet its administrative overheads and continue its exploration programs. The Company has relied mainly upon the issuance of share capital to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company will be required to issue share capital to finance future activities through private placements and the exercise of options and warrants. There can be no assurance that such financing will be available to the Company and, therefore, a material uncertainty exists that casts substantial 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* on a historical cost basis using the accrual basis of accounting, except for cash flow information and financial instruments measured at fair value, and include the accounts of the Company and its wholly-owned integrated subsidiaries: Minera Plata del Sur S.A de C.V. and Exploraciones Magistral S.A de C.V., both incorporated in Mexico, Southern Silver Exploration (US) Corp., incorporated in the United States, and Southern Silver Projects Ltd. and Southern Silver Holdings Ltd., both incorporated in the British Virgin Islands.

All inter-company transactions and balances have been eliminated upon consolidation.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

2. Basis of Preparation, continued

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

These condensed consolidated interim financial statements do not include all of the information required for complete annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and, therefore, should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended April 30, 2013.

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.

3. Marketable Securities

On January 14, 2013, the Company entered into an agreement and granted Desert Star Resources Ltd. ("Desert Star") an option to acquire up to a 70% interest in the Oro property (Note 5(c)). Desert Star has issued 100,000 common shares to the Company to date.

	January 31, 2014			April 30, 2013		
	Accumulated unrealized			Accumulated unrealized		
	Cost	gain	Fair value	Cost	loss	Fair value
	\$	\$	\$	\$	\$	\$
Desert Star	11,000	6,000	17,000	11,000	(2,000)	9,000

4. Reclamation Bonds

The Company has posted non-interest-bearing reclamation bonds as security for future reclamation costs that are held in trust to be released after required reclamation is satisfactorily completed as follows:

- With respect to the 1% net smelter return ("NSR") royalty payable on the El Magistral mineral concession (Note 5(b)), a bond of \$43,667 (Mexican peso 523,778) (April 30, 2013 - \$43,494 (Mexican peso 523,778)) is being held in escrow by the Mexican government.
- With respect to the American Mine claims (Note 5(c)), a bond of \$nil (April 30, 2013 - \$44,250 (US \$43,920)) was being held in escrow by the US government. The bond was returned during the period as Desert Star assumed responsibility for future reclamation costs (Note 5(c)).
- With respect to a proposed project in New Mexico, a bond of \$nil (April 30, 2013 - \$31,324 (US \$31,092)) was being held in escrow by the US government. The bond was returned during the period.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties

The Company has interests in base and precious metal properties as follows:

- **Mexico**

- (i) Cerro Las Minitas

- **United States**

- (i) Oro
- (ii) Dragoon

Mineral property acquisition costs as at January 31, 2014 were as follows:

	Mexico		USA		
	Cerro Las Minitas	Minas de Ameca	Oro	Dragoon	Total
	\$	\$	\$	\$	\$
Balance as at April 30, 2012	1,041,098	331,395	1,091,799	77,480	2,541,772
Additions during the year, net	418,127	31,810	41,481	26,431	517,849
Balance as at April 30, 2013	1,459,225	363,205	1,133,280	103,911	3,059,621
Additions during the period, net	(86,489)	6,405	3,767	14,792	(61,525)
Impairments during the period	-	(369,610)	-	-	(369,610)
Balance as at January 31, 2014	1,372,736	-	1,137,047	118,703	2,628,486

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

(a) Cerro Las Minitas - Mexico

Pursuant to an agreement dated November 18, 2010, as amended, the Company can earn a 100% interest in the Cerro Las Minitas property located in Durango, Mexico.

Remaining staged payments are due as follows (plus applicable local taxes):

- (i) US \$250,000 on February 18, 2014 (US \$150,000 paid subsequent to period end) (*);
- (ii) US \$250,000 on May 18, 2014 (*);
- (iii) US \$500,000 on November 18, 2014 (*); and
- (iv) US \$500,000 on March 18, 2015 (*) (to be reduced to US \$100,000 if optionor fails to deliver registered title to certain claims upon closing).

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

(a) Cerro Las Minitas - Mexico, continued

Pursuant to an agreement dated October 19, 2012, the Company granted Freeport-McMoRan Exploration Corporation ("FMEC") the right to earn an indirect 70% interest in the property.

FMEC has the option to earn respective 51% and 19% indirect interests in the property through the acquisition of common shares of a subsidiary of the Company which has the right to purchase a 100% interest in the property.

To acquire the initial 51% interest FMEC shall:

- (i) Pay to the Company US \$600,000 as a deduction from work expenditure commitments (paid), US \$100,000 on or before October 19, 2013 (paid), US \$200,000 on or before October 19, 2014, and US \$300,000 on or before October 19, 2015;
- (ii) Incur exploration expenditures of US \$1,500,000 on or before October 19, 2013 (incurred), an additional US \$1,300,000 on or before October 19, 2014, and an additional US \$1,600,000 on or before October 19, 2015; and
- (iii) Pay the remaining option payments to the optionor of the property (*) (as a deduction from work expenditure commitments).

To acquire the additional 19% interest, FMEC shall elect to do so within 90 days from the date of acquisition of the initial 51 % interest and:

- (i) Pay to the Company US \$1,000,000 on or before October 19, 2022; and
- (ii) Complete on or before October 19, 2022, a feasibility study and incur additional exploration expenditures of at least US \$19,000,000.

During September 2013, the Company received notice from FMEC that its affiliate had acquired an interest in additional mineral rights ("El Sol Concession") within the defined area of interest. FMEC offered, and the Company agreed, to include the El Sol Concession under the agreement.

FMEC's interest in the El Sol Concession is an option to acquire a 100% interest for cumulative payments of US \$2 million, payable over a three year period. To the extent paid by FMEC, these will be counted as a credit towards its earn-in of the Cerro Las Minitas property.

Upon acquisition of the initial 51% interest, and should FMEC elect to earn the additional 19% interest, operations on the property will be conducted pursuant to a shareholders' agreement with each shareholder bearing its proportionate share of further expenditures. Provision for dilution of a participating interest will apply and if a participating interest is diluted to less than 10%, that participating interest will be converted to a 2% NSR.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

(b) Minas de Ameca (Magistral Properties) - Mexico

Pursuant to an agreement dated July 4, 2006, as amended, the Company could earn a 65% interest in the Magistral I mining exploration concession ("Magistral") located in Mexico.

On October 18, 2006, the Company purchased a 100% interest in the 1,366 hectare El Magistral mineral concession in the Ameca region in the State of Jalisco, Mexico. The mineral concession is subject to a 1% NSR payable to the Mexican government.

The Company has not been compliant with some underlying terms of the Magistral agreement since July 2011 and has been negotiating a revised agreement since that date. However, the Company is now currently in the process of returning the Magistral concession to the optionor which may include ownership of the El Magistral concession.

Accordingly, the Company has recorded an impairment provision against all capitalized costs relating to these claims totalling \$369,610.

(c) Oro Property - New Mexico, USA

Pursuant to an agreement dated August 28, 2006, as amended, the Company owns a 100% interest in several patented and unpatented mining claims in the Eureka Mining District, Grant County, New Mexico.

The property is 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 an agreement effective December 1, 2007, as amended, the Company owns a 100% interest in the American Mine claims consisting of eight patented lode mining claims and surface rights to a contiguous property. The American Mine claims are adjacent to the above claims.

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 in the Eureka Mining District, Grant County, New Mexico.

Remaining lease payments are due as follows:

- (i) US \$6,000 annually from May 1, 2014 to 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. The property is subject to a 1% NSR payable to the optionors, which terminates when aggregate payments thereunder equal US \$500,000.

Southern Silver Exploration Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

(c) Oro Property - New Mexico, USA, continued

Pursuant to an agreement dated January 14, 2013, the Company granted Desert Star the right to earn up to an undivided 70% interest in the property.

To acquire the initial 51% interest Desert Star shall:

- (i) Pay to the Company US \$75,000 on agreement execution (received) and US \$150,000 on or before August 1, 2013 (received);
- (ii) Issue 100,000 common shares on February 5, 2013 (the "Effective Date") (issued);
- (iii) Issue 150,000 common shares and incur aggregate exploration expenditures of US \$800,000 on or before 18 months from the Effective Date;
- (iv) Issue 250,000 common shares and incur aggregate exploration expenditures of US \$1,400,000 on or before 30 months from the Effective Date; and
- (v) Issue 500,000 common shares and incur aggregate exploration expenditures of US \$3,000,000 on or before 42 months from the Effective Date;

To acquire the additional 19% interest, Desert Star shall elect to do so within 90 days from the date of acquisition of the initial 51 % interest and:

- (i) Complete a Preliminary Economic Assessment and incur aggregate exploration expenditures of US \$6,000,000 on or before 66 months from the Effective Date.

(d) Dragoon Property - Arizona, USA

Pursuant to an agreement dated August 28, 2007, as amended, the Company can earn a 100% interest in certain claims located in the state of Arizona.

The final remaining staged payment of US \$300,000 was due on or before August 28, 2013, and the Company is currently negotiating a revised agreement.

The property is 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.

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Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

(e) Exploration and Evaluation Expenses

Exploration expenditures incurred for the nine months ended January 31, 2014, were as follows:

	Mexico		USA		Total
	Minas de Ameca	Cerro Las Minitas	Oro	Dragoon	
	\$	\$	\$	\$	\$
Assays and geochemistry	-	26,647	-	-	26,647
Camp, utilities and supplies	-	8,764	(652)	-	8,112
Drilling	-	445,675	-	-	445,675
Environmental	-	254	-	-	254
Field supplies	-	15,643	37	-	15,680
Geological and geophysics	-	175,254	1,426	-	176,680
Land fees	-	49,001	-	-	49,001
Project supervision	-	80,973	2,378	2,137	85,488
Project support	-	8,196	-	-	8,196
Taxes	-	179,964	-	-	179,964
Travel	-	2,759	-	-	2,759
Recoveries	-	(1,194,769)	-	-	(1,194,769)
	-	(201,639)	3,189	2,137	(196,313)
General exploration - other					11,142
					(185,171)

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

(e) Exploration and Evaluation Expenses, continued

Exploration expenditures incurred for the nine months ended January 31, 2013, were as follows:

	Mexico		USA		Total
	Minas de Ameca	Cerro Las Minitas	Oro	Dragoon	
	\$	\$	\$	\$	\$
Assays and geochemistry	-	21,193	-	-	21,193
Camp, utilities and supplies	-	8,270	1,624	-	9,894
Drilling	-	103,607	-	-	103,607
Environmental	-	1,287	113	-	1,400
Equipment, rentals and supplies	-	4,904	56	-	4,960
Field supplies	-	9,639	-	-	9,639
Geological and geophysics	-	3,271	4,261	617	8,149
Project supervision	5,417	167,196	6,131	5,989	184,733
Project support	-	12,807	-	-	12,807
Taxes	-	140,385	-	-	140,385
Travel	-	-	169	-	169
Recoveries	-	(823,121)	-	-	(823,121)
	5,417	(350,562)	12,354	6,606	(326,185)
General exploration - other					5,005
					(321,180)

6. Related Party Balances and Transactions

In addition to those transactions disclosed elsewhere in these condensed consolidated interim financial statements, the Company entered into the following related party transactions during the nine months ended January 31, 2014:

(a) Under a service agreement, as amended, between the Company and a private company controlled by a director and an officer of the Company, the Company was charged as follows:

- \$94,500 (2013 - \$89,500) for office space and general administration services;
- \$51,013 (2013 - \$38,082) for professional services;
- \$16,614 (2013 - \$17,090) for consulting services;
- \$15,550 (2013 - \$53,323) for investor relations services;
- \$32,003 (2013 - \$54,500) for geological consulting services in relation to mineral properties;
- \$1,246 (2013 - \$1,636) for the mark-up on out-of-pocket expenses; and
- \$68 (2013 - \$728) for office and general.

Amounts payable as at January 31, 2014 were \$51,507 (April 30, 2013 - \$67,141).

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Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

6. Related Party Balances and Transactions, continued

- (b) Fees in the amount of \$84,240 (2013 - \$84,240) were charged by a director and an officer of the Company for consulting services. Amounts payable as at January 31, 2014 were \$64,067 (April 30, 2013 - \$18,443).
- (c) Fees in the amount of \$37,356 (2013 - \$51,555) were charged by a law firm controlled by a director and an officer of the Company and included in professional fees, share issue costs and mineral property expenditures. Amounts payable as at January 31, 2014 were \$22,224 (April 30, 2013 - \$9,141).
- (d) Fees in the amount of \$nil (2013 - \$18,401) were charged by a director of the Company for geological services. No amounts were payable as at January 31, 2014 and April 30, 2013.
- (e) Fees in the amount of \$2,500 (2013 - \$22,500) were charged by a private company controlled by a director and an officer of the Company for consultancy services. Amounts payable as at January 31, 2014 were \$3,350 (April 30, 2013 - \$8,225). Agreement expired effective May 30, 2013.
- (f) Fees in the amount of \$nil (2013 - \$nil) were charged by a private company controlled by a former director and officer of the Company for consultancy services and included in consulting fees and share issue costs. Amounts payable as at January 31, 2014 and April 30, 2013 were \$15,106.
- (g) Fees in the amount of \$8,000 (2013 - \$nil) were charged by an officer of the Company for consultancy services. Amounts payable as at January 31, 2014 were \$7,500 (April 30, 2013 - \$nil).
- (h) Fees of \$26,008 (2013 - \$28,193) were payable with respect to independent directors' fees. As at January 31, 2014, \$48,132 was outstanding and included in accounts payable and accrued liabilities (2013 - \$21,622).

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. One executive officer is 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 January 31, 2014 was \$46,800. The Company has no long-term employee or post-employment benefits. Compensation awarded to key management, included in (b), (d), (e), (g) and (h) above, was as follows:

	2014	2013
Short-term benefits	\$ 120,748	\$ 153,334
Total	\$ 120,748	\$ 153,334

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

7. Loans Payable

During August 2012, the Company entered into two loan agreements, one with a private company controlled by a director and the other with a private company controlled by a consultant, for \$33,000 and \$15,000 respectively. The initial term of the loans was for a period of six months with interest payable quarterly at prime plus two percent per annum. As further consideration for providing the loans, the lenders also received common shares equal to ten per cent of the value of the loan.

No amounts were repaid and therefore all outstanding balances are now repayable on demand. The Company, in its sole discretion, can elect to repay all interest and loan balances by the issuance of common shares.

8. Share Capital

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

(a) Equity Financings

On September 13, 2013, the Company closed the first tranche of a non-brokered private placement and issued 6,830,150 units at a price of \$0.02 per unit for gross proceeds of \$136,603. On October 11, 2013, the Company closed, and subsequently amended, the second tranche of the private placement by issuing 17,450,000 units at a price of \$0.02 per unit for gross proceeds of \$349,000.

Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable to purchase one additional common share for a period of three years at an exercise price of \$0.05 per share.

The Company also issued 875,000 finders' warrants at an exercise price of \$0.05 per share expiring on September 13, 2016, with a fair value of \$8,005 (Note 8(d)), and 917,500 finders' warrants at an exercise price of \$0.05 per share expiring on October 11, 2016, with a fair value of \$9,896 (Note 8(d)).

(b) Stock Options

The Company has a rolling stock option plan (the "Plan") that allows for the reservation of common shares issuable under the Plan to a maximum of 10% of the number of issued and outstanding common shares of the Company at any given time. The term of stock options granted under the Plan may not exceed ten years and the exercise price may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant, less any permitted discount. On an annual basis, the Plan requires approval by the Company's shareholders and submission for regulatory review and acceptance.

Southern Silver Exploration Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital, continued

(b) Stock Options, continued

Stock options outstanding and exercisable as at January 31, 2014 and 2013, were as follows:

Exercise Price	Grant Date Fair Value	Expiry Date	Balance		Balance January 31, 2014
			April 30, 2013	Expired	
\$0.16	\$0.15	January 8, 2015	2,410,000	300,000	2,110,000
\$0.17	\$0.13	November 29, 2015	2,290,000	175,000	2,115,000
\$0.17	\$0.11	December 13, 2015	315,000	30,000	285,000
\$0.15	\$0.13	November 8, 2016	250,000	250,000	-
\$0.10	\$0.06	June 5, 2017	350,000	-	350,000
\$0.10	\$0.03	March 14, 2018	7,824,000	744,000	7,080,000
			13,439,000	1,499,000	11,940,000
Weighted average exercise price			\$0.13	\$0.13	\$0.12
Weighted average remaining life in years			3.82		3.07

Exercise Price	Grant Date Fair Value	Expiry Date	Balance			Balance January 31, 2013
			April 30, 2012	Granted	Expired	
\$0.58	\$0.37	October 19, 2012	25,000	-	25,000	-
\$0.21	\$0.12	March 26, 2013	455,000	-	65,000	390,000
\$0.16	\$0.15	January 8, 2015	2,515,000	-	105,000	2,410,000
\$0.17	\$0.13	November 29, 2015	2,380,000	-	90,000	2,290,000
\$0.17	\$0.11	December 13, 2015	315,000	-	-	315,000
\$0.15	\$0.13	November 8, 2016	500,000	-	-	500,000
\$0.15	\$0.10	February 2, 2017	150,000	-	150,000	-
\$0.10	\$0.06	June 5, 2017	-	350,000	-	350,000
Options outstanding			6,340,000	350,000	435,000	6,255,000
Options exercisable			6,227,500			6,255,000
Weighted average exercise price (outstanding and exercisable)			\$0.17	\$0.10	\$0.19	\$0.16
Weighted average remaining life in years (outstanding)			3.13			2.48
Weighted average remaining life in years (exercisable)			3.10			2.48

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Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital, continued

(c) Share Purchase Warrants

Share purchase warrants outstanding as at January 31, 2014 and 2013, were as follows:

Exercise Price	Expiry Date	Balance			Balance January 31, 2014
		April 30, 2013	Issued	Expired	
\$0.22	July 20, 2013	15,400,177	-	15,400,177	-
\$0.22	August 16, 2013	5,146,627	-	5,146,627	-
\$0.22	August 29, 2013	45,534	-	45,534	-
\$0.20	December 5, 2013	6,821,000	-	6,821,000	-
\$0.20	January 5, 2014	440,000	-	440,000	-
\$0.17	April 23, 2015	6,809,000	-	-	6,809,000
\$0.30	Note 1	250,000	-	-	250,000
\$0.40	Note 2	250,000	-	-	250,000
\$0.10	January 31, 2016	8,452,000	-	-	8,452,000
\$0.10	February 28, 2016	7,873,000	-	-	7,873,000
\$0.05	September 13, 2016	-	7,705,150	-	7,705,150
\$0.05	October 11, 2016	-	18,367,500	-	18,367,500
		51,487,338	26,072,650	27,853,338	49,706,650
Weighted average exercise price		\$0.17	\$0.05	\$0.21	\$0.09
Weighted average remaining life in years		1.33			2.24

Exercise Price	Expiry Date	Balance			Balance January 31, 2013
		April 30, 2012	Issued	Expired	
\$0.20	June 10, 2012	11,847,500	-	11,847,500	-
\$0.20	June 24, 2012	2,740,000	-	2,740,000	-
\$0.20	October 27, 2012	10,497,000	-	10,497,000	-
\$0.20	November 26, 2012	11,444,500	-	11,444,500	-
\$0.20	December 10, 2012	4,874,000	-	4,874,000	-
\$0.22	July 20, 2013	15,400,177	-	-	15,400,177
\$0.22	August 16, 2013	5,146,627	-	-	5,146,627
\$0.22	August 29, 2013	45,534	-	-	45,534
\$0.20	December 5, 2013	6,821,000	-	-	6,821,000
\$0.20	January 5, 2014	440,000	-	-	440,000
\$0.17	April 23, 2015	6,809,000	-	-	6,809,000
\$0.30	Note 1	-	250,000	-	250,000
\$0.40	Note 2	-	250,000	-	250,000
\$0.10	January 31, 2016	-	8,452,000	-	8,452,000
		76,065,338	8,952,000	41,403,000	43,614,338
Weighted average exercise price		\$0.20	\$0.11	\$0.20	\$0.19
Weighted average remaining life in years		0.97			1.30

Notes: 1 - Expiry date is two years from the date on which FMEC exercises its option to acquire a 51% indirect interest in the Cerro Las Minitas property. 2 - Expiry date is two years from the date on which FMEC gives notice of its election to acquire an additional 19% indirect interest in the Cerro Las Minitas property.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital, continued

(d) Fair Value Determination

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

	2014		2013	
	Options	Warrants	Options	Warrants
Risk-free interest rate	N/A	1.47%	1.20%	1.25%
Expected share price volatility	N/A	110.01%	121.09%	98.69%
Expected option/warrant life (years)	N/A	3.00	5.00	3.00
Expected dividend yield	N/A	0.00%	0.00%	0.00%

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

The total calculated fair value of share-based payments for the nine months ended January 31, 2014 and 2013, were included in the condensed consolidated interim statements of comprehensive loss or changes in equity as follows:

	2014	2013
Consolidated Statements of Comprehensive Loss		
Directors and officers	\$ -	\$ -
Consultants	-	24,298
	-	24,298
Consolidated Statements of Changes in Equity		
Finders' warrants	17,901	7,691
Total	\$ 17,901	\$ 31,989

9. Segmented Information

The Company conducts its business as a single operating segment, being the acquisition and exploration of mineral properties. The Company's non-current assets were distributed by geographic location as follows:

	January 31, 2014		April 30, 2013	
	\$	%	\$	%
Mexico	1,416,403	53%	1,865,924	59%
USA	1,255,750	47%	1,312,765	41%
	2,672,153	100%	3,178,689	100%

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2014 and 2013

(Expressed in Canadian Dollars, Unaudited)

10. Commitments

Effective July 1, 2012, under an amended service agreement between the Company and a private company controlled by a director and officer of the Company, the Company is charged \$10,500 per month for office accommodation and services ("Basic Rent") and \$1,750 per month per dedicated office ("Specific Rent"). The Company may terminate the agreement through written notice at any time by paying the Basic and Specific Rents for the lesser of 24 months or the remainder of the term. The agreement expires on August 31, 2017, and the remaining minimum fee commitment based on current rental space as at January 31, 2014 is \$252,000.

11. Supplemental Cash Flow Information

	2014	2013
Cash items		
Interest received	\$ 155	\$ 276
Income tax paid	\$ -	\$ -
Interest paid	\$ -	\$ 605
Non-cash items		
Financing and Investing Activities		
Share issuance costs	\$ 17,901	\$ 7,691
Shares issued for mineral property	\$ -	\$ 35,000
Shares issued for loan bonus	\$ -	\$ 4,800
Interest accretion	\$ 1,802	\$ 5,005

12. Events After the Reporting Period

In addition to the events disclosed elsewhere in these condensed consolidated interim financial statements, the following occurred subsequent to January 31, 2014:

- On February 3, 2014, 210,000 stock options with an exercise price of \$0.10 per share, expired unexercised.
- On March 12, 2014, the Company received TSX Venture Exchange approval to issue 500,000 common shares pursuant to a shares for services consulting agreement, under which the Company has agreed to quarterly share issuances each valued at \$25,000 using the Discounted Market Price. The Company will also grant 500,000 fully vested stock options with an exercise price of \$0.05 per share for a term of five years.



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**Management's Discussion and Analysis
For the Nine Months Ended January 31, 2014
Dated: March 24, 2014**

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(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2014

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 nine months ended January 31, 2014 and is dated March 24, 2014. 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 nine months ended January 31, 2014, and the Company's audited consolidated financial statements for the year ended April 30, 2013, and the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

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⁾		
	Nine Months ended				
	January 31,		Imperial		Metric
	2014	2013			
Rate at end of period	1.1138	0.9973	1 Acre	=	0.404686 Hectares
Average rate for period	1.0458	0.9990	1 Foot	=	0.304800 Meters
High for period	1.1178	1.0397	1 Mile	=	1.609344 Kilometres
Low for period	1.0033	0.9683	1 Ton	=	0.907185 Tonnes
			1 Ounce (troy)/ton	=	34.285700 Grams/Tonne

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2014

C. Foreign Exchange Information and Conversion Tables, continued

Precious metal units and conversion factors ⁽²⁾				
- Part per billion	1 ppb	=	0.0010 ppm	= 0.000030 oz/t
- Part per million	100 ppb	=	0.1000 ppm	= 0.002920 oz/t
- Ounce (troy)	10,000 ppb	=	10.0000 ppm	= 0.291670 oz/t
- Ounce per ton (avdp.)	1 ppm	=	1.0000 ug/g	= 1.000000 g/tonne
- Gram				
- gram per metric ton	1 oz/t	=	34.2857 ppm	
- milligram	1 Carat	=	41.6660 mg/g	
- kilogram	1 ton (avdp.)	=	907.1848 kg	
- 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 is currently exploring for precious and base metals in Mexico (Durango) and the USA (Arizona and New Mexico).

Cerro Las Minitas - Durango, Mexico

The property lies within the Faja de Plata (Belt of Silver), 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 totaling 15,125 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. Certain claims are subject to receipt of registered title, failing receipt of which, will result in a reduction to final option payment obligations.

In October 2012, the Company signed an earn-in agreement with Freeport-McMoRan Exploration Corporation ("FMEC") through which FMEC could acquire an indirect 70% interest in the property. During September 2013, the Company received notice from FMEC that its affiliate had acquired an interest in additional mineral rights ("El Sol Concession") within the defined area of interest. FMEC offered, and the Company agreed, to include the El Sol Concession under the agreement.

Since execution, FMEC has completed a program of soil and vegetation geochemistry and geophysical surveys over the entire property, three additional lines of deep-penetrating IP geophysics and a gravity survey that have confirmed both the lateral extent of anomalies identified in earlier work completed by the Company and have significantly extended the projection of several of the existing targets to over 600 metres depth.

Southern Silver Exploration Corp.

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Management's Discussion and Analysis

For the Nine Months Ended January 31, 2014

D. Summary of Mineral Properties, continued

Cerro Las Minitas - Durango, Mexico, continued

FMEC completed an initial 8 core hole, 3,445 metre drill program in early 2013 that targeted both lateral and vertical offsets to known mineralized zones at the Blind Zone, El Sol Zone and South Skarn targets as well as several geophysical and geochemical targets throughout the property, which was successful in both confirming the distribution of high-grade mineralization in the Blind Zone and identifying significant extensions of mineralization at each of El Sol Zone and South Skarn targets.

Blind Zone - El Sol Zone

Multiple mineralized intercepts have been identified in most drill holes and are open in all directions. A preliminary interpretation of the drill data suggests good continuity within three main mineralized structures associated with monzonitic and felsic intrusives and several secondary footwall and hanging wall zones. Initial drilling in early 2011 identified high-grade silver mineralization in the El Sol Zone, an area located approximately 150 metres to the east of the Blind Zone mineralization.

Geological modeling using a nominal 80g/t AgEq cut-off has identified multiple distinct mineralized structures with a 820 metre cumulative strike-length, with depth projections of up to 300 metres below surface. Mineralization occurs in sub-vertical structures that demonstrate good continuity between drill holes. True thickness of the mineralized intervals are estimated at 60% to 70% of the down hole thicknesses. A Reconnaissance IP survey covering the remainder of the concessions has identified new, previously undetected targets in gravel covered areas for further surface exploration and potential drill testing.

A single west to east oriented 680 metre drill hole previously tested both a shallow offset of mineralization within the Blind Zone and the depth projection of mineralization in the El Sol Zone, and returned extremely encouraging results which confirm the continuity of shallow high-grade silver mineralization in the upper portions of the Blind Zone. The deeper intercepts project to previously identified, near surface, mineralization in the El Sol Zone which had been tested during 2012 exploration to less than 200 metres depth. The intercepts are reported as down-hole thickness. True thickness of the mineralized intervals is estimated at about 40% of the reported thickness.

La Bocona

This target area is located 750 metres to the northeast of the Blind Zone deposit and mineralization is open along strike for several hundred metres. Previous drilling tested a northwest extension of the deposit and returned a 1.3 metre interval grading 466g/t silver. Mineralization occurs within skarn and hornfels limestone on the eastern margin of a thick northwest-trending felsic dyke.

Additional drilling is planned to further test and delineate this zone of mineralization.

South Skarn

This zone of gold-copper mineralization is gravel covered and is located approximately 1.5 kilometres to the southeast of the Blind Zone deposit and is open in all directions.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2014

D. Summary of Mineral Properties, continued

Cerro Las Minitas - Durango, Mexico, continued

South Skarn, continued

Previous drilling intersected an outer zone of weakly to moderately altered limestone followed by a 37 metre thick diatreme breccia, an intermixed zone of hematite breccia, skarn-hornfels and aplite dyke before entering variably altered monzonite/feldspar porphyry. Strongly anomalous gold mineralization was identified over a 20 metre interval within the hematite breccia which averaged 0.8g/t gold and included a 4.3 metre interval averaging 2.8g/t gold and 28g/t silver. A second 4.3 metre interval averaging 1.4g/t gold, 89g/t silver and 1.8% copper was intersected further down hole and is hosted in chlorite-garnet skarn related to the adjacent intrusions.

Mineralization in the South Skarn target is open both along strike to the northeast and at depth. Accurate orientations of the mineralized zones have not been determined; however mineralization appears to dip moderately to steeply southward. True thickness of the mineralized intervals may be up to +70% of the reported thickness.

2013/14 Exploration Program

In January 2014, FMEC completed a second phase of drilling on the property, which comprised an additional 2,055 metres of new drilling in the area of historic mining and further surface sampling and geophysical surveys on targeted areas throughout the larger property.

Three new core holes were drilled and three previously cored holes were extended in a program that was designed to test several IP and gravity geophysical targets outboard of the central intrusion and the depth extensions of known mineralization in the Blind and El Sol zones. The program was successful in identifying additional high-grade Ag-Pb-Zn mineralization at depth in the El Sol zone from hole 13CLM-071 and a potential new target along the southwestern margin of the central intrusive in the area of hole 13CLM-073.

Biogeochemical sampling of Acacia plants was carried out late in 2013 and identified multi-element anomalies in several localities throughout the larger property and was followed up with further IP geophysics over one target area.

FMEC advised in March 2014, that equipment has mobilized and a new phase of diamond drilling has started on the property. Current plans are for approximately 2,000 metres of core drilling in three or more holes designed to test at depth several previously identified copper anomalies on the project. These include an extension of drill hole CLM-073, which terminated in anomalous copper mineralization at 708 metres depth; and a down-dip test of copper mineralization at the North Skarn target (CLM-003: 16.6 metres averaging 56g/t Ag, 0.8% Cu, 0.5%Pb and 1.6% Zn). Additional holes are planned for a deep test of the central intrusive and its southern margin (South Skarn target).

Results from this work are pending.

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Management's Discussion and Analysis

For the Nine Months Ended January 31, 2014

D. Summary of Mineral Properties, continued

Cerro Las Minitas - Durango, Mexico, continued

Table: select composites from 2013/4 drilling

Hole No.	From m	To m	Interval m	Ag g/t	Au g/t	Cu %	Pb %	Zn %	AgEq g/t
13CLM-063	228.60	230.15	1.55	160.00	1.03	0.09	3.25	0.36	319.20
13CLM-066	62.75	63.80	1.05	3.80	8.63	0.00	0.07	0.06	472.40
13CLM-066	88.35	97.50	9.15	401.24	0.10	0.13	8.49	5.05	777.17
inc	92.90	97.50	4.60	726.88	0.18	0.09	13.49	7.03	1,288.93
inc	92.90	94.95	2.05	1,190.00	0.20	0.04	21.62	12.95	2,119.81
13CLM-066	138.00	151.10	13.10	52.98	0.13	0.15	2.93	1.36	187.23
inc	149.00	151.10	2.10	67.80	0.62	0.31	5.61	2.48	343.88
13CLM-066	165.80	176.80	11.00	53.00	0.10	0.10	3.90	3.50	264.00
13CLM-066	534.60	585.15	50.60	40.81	0.01	0.01	0.71	5.33	202.01
inc	546.00	561.00	15.00	66.75	0.01	0.01	0.46	5.98	238.40
and	573.00	585.15	12.15	45.06	0.01	0.02	1.70	10.82	379.29
13CLM-066	633.30	642.60	9.30	9.42	0.00	0.13	0.07	13.04	368.78
inc	638.20	640.35	2.15	13.60	0.01	0.41	0.01	20.60	597.28
13CLM-067	194.10	195.60	1.50	2.50	0.15	0.01	1.94	0.26	69.50
13CLM-068	285.40	299.30	13.90	135.82	0.24	0.03	2.41	1.31	250.44
inc	285.40	287.80	2.40	545.50	0.18	0.15	10.27	3.85	942.81
13CLM-068	307.00	307.90	0.90	1,140.00	0.42	0.10	18.10	21.00	2,207.07
13CLM-069	380.50	382.70	2.20	225.00	0.72	0.17	3.50	0.47	384.57
13CLM-071	594.00	595.50	1.50	238.00	-	0.10	5.70	9.10	634.70
and	683.40	687.50	4.10	44.00	-	-	0.60	4.70	186.40
inc	683.40	685.40	2.00	82.00	-	-	1.10	8.20	328.00
13CLM-073	433.50	433.90	0.40	21.00	-	0.70	-	3.40	193.00
and	576.00	654.00	78.00	8.00	-	-	0.10	0.10	17.80

Minas de Ameca - Jalisco, Mexico

The Company is currently in the process of relinquishing its interests in the Magistral and El Magistral concessions.

Oro - New Mexico, USA

The Oro Project comprises a contiguous block of Federal, State and private land totaling 17.2 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 6 square kilometre 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 Oro project claims also include 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.

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Management's Discussion and Analysis

For the Nine Months Ended January 31, 2014

D. Summary of Mineral Properties, continued

Oro - New Mexico, USA, continued

In January 2013, the Company entered into an option agreement with Desert Star Resources Ltd. (DSR.V, "Desert Star") whereby Desert Star can acquire up to a 70% interest in the property. Desert Star is assuming operation of the project and intends to conduct a systematic exploration program in 2013 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.

Dragoon Property - Arizona, USA

The Dragoon property is a contiguous claim block of 1,280 ha, located 90 kilometers southeast of Tucson, Arizona, comprising 68 unpatented mining claims and 4 state leases that contain areas of exposed Cu-Mo mineralization, Laramide-age monzogranite porphyry and geothitic "leached capping" which occur in the eastern part of the property and a larger down-dropped block of prospective Paleozoic stratigraphy in the gravel-covered western portion of the property.

The Company is currently analyzing historic geological data with the intent to complete further exploration work on the property.

Acquisition costs

The Company's accounting policy related to expenditures incurred for the acquisition of mineral properties is to capitalize on a property-by-property basis, net of recoveries. During the nine months ended January 31, 2014 and 2013 the Company incurred acquisition costs on its mineral properties as follows:

	Mexico		USA		
	Cerro Las Minitas	Minas de Ameca	Oro	Dragoon	Total
	\$	\$	\$	\$	\$
Balance as at April 30, 2012	1,041,098	331,395	1,091,799	77,480	2,541,772
Additions during the period, net	17,384	-	52,475	11,167	81,026
Impairments during the period	-	(331,395)	-	-	(331,395)
Balance as at January 31, 2013	1,058,482	-	1,144,274	88,647	2,291,403
Balance as at April 30, 2013	1,459,225	363,205	1,133,280	103,911	3,059,621
Additions during the period, net	(86,489)	6,405	3,767	14,792	(61,525)
Impairments during the period	-	(369,610)	-	-	(369,610)
Balance as at January 31, 2014	1,372,736	-	1,137,047	118,703	2,628,486

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D. Summary of Mineral Properties, continued

Exploration costs

The Company's accounting policy related to expenditures incurred for the exploration and development of mineral properties is to expense to the consolidated statement of comprehensive loss in the period in which they are incurred, net of recoveries. During the nine months ended January 31, 2014 and 2013, the Company incurred exploration costs on its mineral properties as follows:

	Mexico				USA				Total	
	Minas de Ameca		Cerro Las Minitas		Oro		Dragoon			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Assays and geochemistry	-	-	26,647	21,193	-	-	-	-	26,647	21,193
Camp, utilities and supplies	-	-	8,764	8,270	(652)	1,624	-	-	8,112	9,894
Drilling	-	-	445,675	103,607	-	-	-	-	445,675	103,607
Environmental	-	-	254	1,287	-	113	-	-	254	1,400
Field supplies	-	-	15,643	4,904	37	56	-	-	15,680	4,960
Geological and geophysics	-	-	175,254	9,639	1,426	-	-	-	176,680	9,639
Land fees	-	-	49,001	3,271	-	4,261	-	617	49,001	8,149
Project supervision	-	5,417	80,973	167,196	2,378	6,131	2,137	5,989	85,488	184,733
Project support	-	-	8,196	12,807	-	-	-	-	8,196	12,807
Taxes	-	-	179,964	140,385	-	-	-	-	179,964	140,385
Travel	-	-	2,759	-	-	169	-	-	2,759	169
Recoveries	-	-	(1,194,769)	(823,121)	-	-	-	-	(1,194,769)	(823,121)
	-	5,417	(201,639)	(350,562)	3,189	12,354	2,137	6,606	(196,313)	(326,185)
General exploration - other									11,142	5,005
									<u>(185,171)</u>	<u>(321,180)</u>

E. Results of Operations

During the nine months ended January 31, 2014, the Company recognized a net loss and comprehensive loss of \$786,285 (2013 - \$639,697).

Administration expenses increased as a result of an amended office services agreement entered into on July 1, 2012.

Consulting fees decreased as a result of fewer consultants utilized and a reduction in CFO fees.

Investor relations, shareholders' communications and travel and promotion expenses fluctuate based on the number of conferences and trade shows attended and other work performed in preparation of financing activities.

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E. Results of Operations, continued

As per the Company's mandate to acquire, explore, and develop mineral resource properties, the Company has continued to invest in its current properties based on financial resources that have been available. During the period, the Company recovered current and prior period exploration costs under its earn-in agreement with FMEC.

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

The Company has not been compliant with some underlying terms of the Magistral property agreement since July 2011 and had been negotiating a revised agreement since that date. An impairment provision was originally recorded against all capitalized costs relating to these claims in the prior period but subsequently reversed following progressions in negotiations. However, the Company is now currently in the process of returning the property to the optionor which may include ownership of the El Magistral property. Accordingly, the Company reinstated the impairment provision in the current period.

Foreign exchange gains and losses fluctuate based on the US and Canadian dollar exchange rate.

The following table summarizes the variances in the consolidated statements of comprehensive loss:

	2014	2013	Variance	
	\$	\$	\$	%
Administration	94,500	89,500	5,000	6%
Consulting	112,005	159,380	(47,375)	(30%)
Exploration and evaluation, net of recoveries	(185,171)	(321,180)	136,009	(42%)
Independent directors' fees	26,008	28,193	(2,185)	(8%)
Investor relations	131,301	100,691	30,610	30%
Office and general	26,095	41,589	(15,494)	(37%)
Professional fees	172,398	165,720	6,678	4%
Regulatory fees and taxes	5,128	4,222	906	21%
Share-based payments	-	24,298	(24,298)	(100%)
Shareholders' communications	2,485	8,215	(5,730)	(70%)
Transfer agent	5,812	5,502	310	6%
Travel and promotion	2,126	11,902	(9,776)	(82%)
Foreign exchange loss (gain)	31,018	(14,459)	(45,477)	(315%)
Interest income	(232)	(276)	(44)	(16%)
Loan interest accretion	1,802	5,005	3,203	(64%)
Mineral property impairment	369,010	331,395	(37,615)	11%
Unrealized gain on fair value of marketable securities	(8,000)	-	8,000	-

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F. Summary of Quarterly Results

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

	Jan 31, 2014 \$	Oct 31, 2013 \$	Jul 31, 2013 \$	Apr 30, 2013 \$	Jan 31, 2013 \$	Oct 31, 2012 \$	Jul 31, 2012 \$	Apr 30, 2012 \$
Net loss	170,114	570,446	53,725	476,895	(166,292)	282,508	523,481	1,721,296
Basic and diluted loss per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.00)	\$ 0.00	\$ 0.00	\$ 0.01

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

Quarterly fluctuations mainly relate to recognition of share-based payments which vary 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.

During the year ended April 30, 2013, the Company entered into an earn-in agreement with FMEC under which the Company receives payments, as part of work expenditure commitments, which are recognized when received in profit or loss.

G. Related Party Transactions

The Company entered into the following related party transactions during the nine months ended January 31, 2014:

- (a) Under a service agreement, as amended, between the Company and a private company controlled by a director and an officer of the Company, the Company was charged as follows:
- \$94,500 (2013 - \$89,500) for office space and general administration services;
 - \$51,013 (2013 - \$38,082) for professional services;
 - \$16,614 (2013 - \$17,090) for consulting services;
 - \$15,550 (2013 - \$53,323) for investor relations services;
 - \$32,003 (2013 - \$54,500) for geological consulting services in relation to mineral properties;
 - \$1,246 (2013 - \$1,636) for the mark-up on out-of-pocket expenses; and
 - \$68 (2013 - \$728) for office and general.
- (b) Fees in the amount of \$84,240 (2013 - \$84,240) were charged by a director and an officer of the Company for consulting services. Amounts payable as at January 31, 2014 were \$64,067 (April 30, 2013 - \$18,443).
- (c) Fees in the amount of \$37,356 (2013 - \$51,555) were charged by a law firm controlled by a director and an officer of the Company and included in professional fees, share issue costs and mineral property expenditures. Amounts payable as at January 31, 2014 were \$22,224 (April 30, 2013 - \$9,141).

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G. Related Party Transactions, continued

- (d) Fees in the amount of \$nil (2013 - \$18,401) were charged by a director of the Company for geological services. No amounts were payable as at January 31, 2014 and April 30, 2013.
- (e) Fees in the amount of \$2,500 (2013 - \$22,500) were charged by a private company controlled by a director and an officer of the Company for consultancy services. Amounts payable as at January 31, 2014 were \$3,350 (April 30, 2013 - \$8,225). Agreement expired effective May 30, 2013.
- (f) Fees in the amount of \$nil (2013 - \$nil) were charged by a private company controlled by a former director and officer of the Company for consultancy services and included in consulting fees and share issue costs. Amounts payable as at January 31, 2014 and April 30, 2013 were \$15,106.
- (g) Fees in the amount of \$8,000 (2013 - \$nil) were charged by an officer of the Company for consultancy services. Amounts payable as at January 31, 2014 were \$7,500 (April 30, 2013 - \$nil).
- (h) Fees of \$26,008 (2013 - \$28,193) were payable with respect to independent directors' fees. As at January 31, 2014, \$48,132 was outstanding and included in accounts payable and accrued liabilities (2013 - \$21,622).

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. One executive officer is 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 January 31, 2014 was \$46,800. The Company has no long-term employee or post-employment benefits. Compensation awarded to key management, included in (b), (d), (e), (g) and (h) above, was as follows:

	2014		2013	
Short-term benefits	\$	120,748	\$	153,334
Total	\$	120,748	\$	153,334

During August 2012, the Company entered into a loan agreement with a private company controlled by a director for \$33,000.

The initial term of the loan was for a period of six months with interest payable quarterly at prime plus two percent per annum. As further consideration for providing the loan, the lender also received common shares equal to ten per cent of the value of the loan.

No amounts were repaid and therefore all outstanding balances are now repayable on demand. The Company, in its sole discretion, can elect to repay all interest and loan balances by the issuance of common shares.

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H. Financial Condition, Liquidity and Capital Resources

As at January 31, 2014, the Company had a working capital deficiency of \$559,713 (April 30, 2013 - \$726,154). The Company has been reducing general and administration costs, where possible, negotiating extended payment terms of its trade payables, and reviewing its capital expenditure plan and future commitments to identify opportunities to reduce or delay spending and payments. However, the Company does not generate any revenue from operations and, without further financing, the Company does not have sufficient capital to meet the requirements for its administrative overhead, maintaining its mineral interests and continuing with its exploration program in the following twelve months.

For the foreseeable future, the Company will need to rely on raising capital in the equity markets and/or enter into further joint venture agreements with third parties to provide working capital and to finance its mineral property acquisition and exploration activities. Although the Company has been successful in obtaining financing through sale of its securities, there can be no assurance that the Company will be able to obtain adequate financing in the future in light of factors such as the market demand for its securities, the general state of financial markets and other relevant factors.

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.

Commitments

Effective July 1, 2012, under an amended service agreement between the Company and a private company controlled by a director and officer of the Company, the Company is charged \$10,500 per month for office accommodation and services ("Basic Rent") and \$1,750 per month per dedicated office ("Specific Rent"). The Company may terminate the agreement through written notice at any time by paying the Basic and Specific Rents for the lesser of 24 months or the remainder of the term. The agreement expires on August 31, 2017, and the remaining minimum fee commitment based on current rental space as at January 31, 2014 is \$252,000.

I. Outstanding Equity and Convertible Securities

i) Issued and Outstanding Shares

As at January 31, 2014, and March 24, 2014, the Company had 168,979,059 common shares issued and outstanding.

On March 12, 2014, the Company received TSX Venture Exchange approval to issue 500,000 common shares pursuant to a shares for services consulting agreement, under which the Company has agreed to quarterly share issuances each valued at \$25,000 using the Discounted Market Price. The Company will also grant 500,000 fully vested stock options with an exercise price of \$0.05 per share for a term of five years.

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I. Outstanding Equity and Convertible Securities, continued

ii) Stock Options

As at March 24, 2014, the Company had stock options outstanding as follows:

Exercise Price	Expiry Date	Balance	
		January 31, 2014	Expired
\$0.16	January 8, 2015	2,110,000	-
\$0.17	November 29, 2015	2,115,000	-
\$0.17	December 13, 2015	285,000	-
\$0.10	June 5, 2017	350,000	-
\$0.10	March 14, 2018	7,080,000	210,000
		11,940,000	210,000
			11,730,000
Weighted average exercise price		\$0.12	\$0.10
Weighted average remaining life in years		3.07	2.91

iii) Share Purchase Warrants

As at March 24, 2014, the Company had share purchase warrants outstanding as follows:

Exercise Price	Expiry Date	Balance	
		January 31, 2014	March 24, 2014
\$0.17	April 23, 2015	6,809,000	6,809,000
\$0.30	Note 1	250,000	250,000
\$0.40	Note 2	250,000	250,000
\$0.10	January 31, 2016	8,452,000	8,452,000
\$0.10	February 28, 2016	7,873,000	7,873,000
\$0.05	September 13, 2016	7,705,150	7,705,150
\$0.05	October 11, 2016	18,367,500	18,367,500
		49,706,650	49,706,650
Weighted average exercise price		\$0.09	\$0.09
Weighted average remaining life in years		2.24	1.15

Note 1 - Expiry date is two years from the date on which FMEC exercises its option to acquire a 51% indirect interest in the Cerro Las Minitas property.

Note 2 - Expiry date is two years from the date on which FMEC gives notice of its election to acquire an additional 19% indirect interest in the Cerro Las Minitas property.

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J. Subsequent Events and Outlook

There are no significant events subsequent to the date of this document.

K. Financial Instruments

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

These financial instruments have no material risk exposure. Risk is managed with respect to cash by risk management policies that require 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.

L. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate having them 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 independent directors, 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.

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.

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Management's Discussion and Analysis

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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. Hence, it may not have sufficient financial resources to undertake by itself all of its planned mineral property acquisition and exploration activities. Operations will continue to be financed primarily through the issuance of securities.

The Company will need to continue its reliance on the issuance of such securities for future financing, 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

In recent months, the securities markets in Canada and elsewhere have experienced 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.

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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.

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.

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 interest may be subject to prior unregistered agreements or transfers, aboriginal land claims, government expropriation and title may be affected by undetected defects. In addition, certain mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties.

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.

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N. Risks and Uncertainties, continued

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 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.

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.