



1100 – 1199 West Hastings Street,  
Vancouver, BC, V6E 3T5  
Tel: 604-684-9384 Fax: 604-688-4670  
www.southernsilverexploration.com

**Condensed Consolidated Interim Financial Statements  
Nine Months Ended January 31, 2021 and 2020  
(Expressed in Canadian Dollars)  
(Unaudited)**

<b><u>Index</u></b>	<b><u>Page</u></b>
<b>Notice of No Auditor Review</b>	2
<b>Condensed Consolidated Interim Financial Statements</b>	
Condensed Consolidated Interim Statements of Comprehensive Loss	3
Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statements of Changes in Equity	5
Condensed Consolidated Interim Statements of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7-17

## **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed consolidated interim financial statements of the Company for the nine months ended January 31, 2021 and comparatives for the nine months ended January 31, 2020 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

Nine Months Ended January 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

	Note	Three Months Ended		Nine Months Ended	
		January 31,		January 31,	
		2021	2020	2021	2020
<b>Expenses</b>					
Administration	7	\$ 15,000	\$ 15,000	\$ 45,000	\$ 45,000
Consulting	7	70,781	53,363	212,822	173,493
Exploration and evaluation	5 & 7	1,175,169	3,426	2,031,095	9,151
Investor relations	7	145,559	121,250	530,580	393,532
Office and general	7	6,753	4,549	29,822	16,693
Professional fees	7	60,826	40,875	192,746	175,643
Regulatory fees and taxes		7,611	6,594	36,607	32,398
Share-based payments	8	16,952	14,177	3,894,671	667,797
Shareholders' communications		1,400	1,050	12,168	8,351
Transfer agent		15,150	6,111	31,356	13,076
Travel and promotion		-	9,525	-	18,347
		<b>1,515,201</b>	<b>275,920</b>	<b>7,016,867</b>	<b>1,553,481</b>
Foreign exchange (gain) loss		(421,452)	2,008	(473,315)	(1,419)
Other income		-	(20,344)	(14,032)	(20,362)
Share of loss in equity accounted investment	6	-	113,338	170,579	325,144
Gain on disposal of investment in associate	6	-	-	(11,512,325)	-
		<b>(421,452)</b>	<b>95,002</b>	<b>(11,829,093)</b>	<b>303,363</b>
<b>Net (Income) Loss and Comprehensive (Income) Loss for the Period</b>		<b>\$ 1,093,749</b>	<b>\$ 370,922</b>	<b>\$ (4,812,226)</b>	<b>\$ 1,856,844</b>
(Earnings) Loss per share - basic		\$ 0.00	\$ 0.00	(0.03)	0.02
(Earnings) Loss per share - diluted		\$ 0.00	\$ 0.00	(0.02)	0.02
Weighted average number of common shares outstanding - basic		224,046,074	129,241,448	182,010,776	117,599,015
Weighted average number of common shares outstanding - diluted		301,810,929		259,775,631	

*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, 2021	April 30, 2020
<b>Current Assets</b>			
Cash		\$ 9,387,493	\$ 3,641,600
Taxes and other receivables		26,792	65,352
Prepays		44,105	56,854
		<b>9,458,390</b>	<b>3,763,806</b>
<b>Non-Current Assets</b>			
Mineral properties	5	36,588,928	318,685
Investment in associate	6	-	4,571,121
		<b>36,588,928</b>	<b>4,889,806</b>
		<b>\$ 46,047,318</b>	<b>\$ 8,653,612</b>
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 538,650	\$ 276,638
Due to related parties	7	49,310	60,358
Asset acquisition	6	10,222,400	-
		<b>10,810,360</b>	<b>336,996</b>
<b>Equity</b>			
Share capital	8	58,603,454	43,171,344
Share-based payments reserve		7,507,755	2,625,232
Warrants reserve		1,923,048	154,500
Other reserve		9,270	9,270
Deficit		(32,806,569)	(37,643,730)
		<b>35,236,958</b>	<b>8,316,616</b>
		<b>\$ 46,047,318</b>	<b>\$ 8,653,612</b>

Approved on behalf of the Board

*"Lawrence Page"*

Lawrence Page, Q.C.

*"Gina Jones"*

Gina Jones

*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, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based			Deficit	Total
	Number of Shares	Amount	Payments Reserve	Warrants Reserve	Other Reserve		
<b>Balance as at April 30, 2019</b>	96,663,948	\$ 37,645,662	\$ 1,700,564	\$ 931,156	\$ 9,270	\$ (35,587,226)	\$ 4,699,426
Issued							
Private placement	21,032,500	4,206,500	-	-	-	-	4,206,500
Exercise of warrants	11,545,000	1,001,300	-	-	-	-	1,001,300
Share issue costs	-	(472,757)	167,503	-	-	-	(305,254)
Share-based payments	-	-	667,797	-	-	-	667,797
Fair value of warrants exercised	-	361,900	-	(361,900)	-	-	-
Net loss	-	-	-	-	-	(1,856,844)	(1,856,844)
<b>Balance as at January 31, 2020</b>	129,241,448	\$ 42,742,605	2,535,864	569,256	9,270	\$ (37,444,070)	\$ 8,412,925
<b>Balance as at April 30, 2020</b>	132,418,743	\$ 43,171,344	2,625,232	154,500	9,270	\$ (37,643,730)	\$ 8,316,616
Issued							
Private placement	70,247,620	12,596,952	-	1,859,048	-	-	14,456,000
Exercise of warrants	17,021,663	3,082,916	-	-	-	-	3,082,916
Exercise of options	2,273,500	371,785	-	-	-	-	371,785
Exercise of compensation options	394,222	84,374	-	-	-	-	84,374
Asset acquisition	2,336,590	1,322,596	-	-	-	-	1,322,596
Finders' units	1,204,000	584,506	198,094	-	-	-	782,600
Share issue costs	-	(3,259,667)	1,372,841	-	-	-	(1,886,826)
Fair value of warrants exercised	-	212,174	(121,674)	(90,500)	-	-	-
Fair value of warrants expired	-	-	(527)	-	-	527	-
Fair value of options exercised	-	297,574	(297,574)	-	-	-	-
Fair value of compensation options exercised	-	138,900	(138,900)	-	-	-	-
Fair value of compensation options expired	-	-	(24,408)	-	-	24,408	-
Share-based payments	-	-	3,894,671	-	-	-	3,894,671
Net income	-	-	-	-	-	4,812,226	4,812,226
<b>Balance as at January 31, 2021</b>	225,896,338	\$ 58,603,454	\$ 7,507,755	\$ 1,923,048	\$ 9,270	\$ (32,806,569)	\$ 35,236,958

*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, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

	2021	2020
<b>Operating Activities</b>		
Net income (loss)	\$ 4,812,226	\$ (1,856,844)
<b>Items not involving cash:</b>		
Share of loss in equity investment	170,579	325,144
Share-based payments	3,894,671	667,797
Gain on disposal of investment in associate	(11,512,325)	-
Unrealized foreign exchange loss (gain)	(707,677)	454
	(3,342,526)	(863,449)
<b>Changes in non-cash working capital</b>		
Taxes and other receivables	29,195	23,919
Prepays	12,749	(42,973)
Accounts payable and accrued liabilities	262,012	(16,200)
Due to related parties	(11,048)	16,124
	292,908	(19,130)
<b>Cash Used in Operating Activities</b>	(3,049,618)	(882,579)
<b>Investing Activities</b>		
Mineral property acquisition	(341,697)	(100,238)
Asset acquisition	(7,953,300)	-
<b>Cash Used in Investing Activities</b>	(8,294,997)	(100,238)
<b>Financing Activities</b>		
Proceeds from share issuance, net	16,904,129	4,902,546
Cash acquired on asset acquisition	176,288	-
Advances to associate, net	(15,381)	(405,792)
<b>Cash Provided by Financing Activities</b>	17,065,036	4,496,754
<b>Foreign Exchange Effect on Cash</b>	25,472	(454)
<b>Increase in Cash During the Period</b>	5,745,893	3,513,483
<b>Cash, Beginning of Period</b>	3,641,600	376,439
<b>Cash, End of Period</b>	\$ 9,387,493	\$ 3,889,922

Supplemental cash flow information (Note 9)

*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, 2021 and 2020

(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, 2021, the Company had a working capital deficit of \$1,351,970 (April 30, 2020 - \$3,426,810 working capital). The Company realized net income of \$4,812,226 for the nine months ended January 31, 2021 (2020 - \$1,856,844 net loss) and had an accumulated deficit of \$32,806,569 as at January 31, 2021 (April 30, 2020 - \$37,643,730).

The Company has relied mainly upon the issuance of share capital and mineral property earn-in agreements to finance its activities. The Company will be required to rely on such funding 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 consolidated 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. Such adjustments could be material.

### 2. Basis of Preparation and Consolidation

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* on a historical cost basis, except for cash flow information and financial instruments measured at fair value. The financial statements of the Company consolidates entities controlled and equity accounts entities partially-owned by the Company as follows:

Entity	Country of Incorporation	Principal Activity
Southern Silver Holdings Limited ("SSHL")	British Virgin Islands	Holding company - 100% owned by the Company (Note 6)
Minera Plata del Sur S.A de CV. ("MPS")	Mexico	Mineral exploration - 100% owned by SSHL
Southern Silver Projects Limited ("SSPL")	British Virgin Islands	Holding company - 100% owned by the Company
Exploraciones Magistral S.A de CV.	Mexico	Mineral exploration - 100% owned by SSPL
Southern Silver Exploration Corp. (US)	United States of America	Mineral exploration - 100% owned by the Company
Exploraciones Minasol S.A de CV.	Mexico	Mineral exploration - 100% owned by the Company

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

---

### 2. Basis of Preparation and Consolidation, continued

All inter-company transactions and balances have been eliminated upon consolidation. 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 financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended April 30, 2020.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on March 30, 2021.

### 3. Summary of Significant Accounting Policies

Except as below, 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 in accordance with International Financial Reporting Standards of the results for the interim periods presented.

The Company applied the optional concentration test under IFRS 3 to the acquisition described in Note 6 which resulted in the acquired assets being accounted for as an asset acquisition.

### 4. Financial Instruments

The Company's financial instruments include: cash and other receivables which are classified as financial assets at amortized cost, and accounts payable and due to related parties, which are classified as financial liabilities at amortized cost. The carrying values of other receivables, accounts payable and due to related parties approximate their fair values due to the short period to maturity.

### 5. Mineral Properties

Mineral property acquisition costs as at January 31, 2021 were:

	Cerro Las Minitas	Oro	El Sol	Total
	\$	\$	\$	\$
Balance as at April 30, 2019	-	218,447	-	218,447
Additions, net	-	100,238	-	100,238
Balance as at April 30, 2020	-	318,685	-	318,685
Additions, net	-	106,334	132,200	238,534
Asset acquisition	36,031,709	-	-	36,031,709
<b>Balance as at January 31, 2021</b>	<b>36,031,709</b>	<b>425,019</b>	<b>132,200</b>	<b>36,588,928</b>



## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

---

### **5. Mineral Properties, continued**

#### **(a) Cerro Las Minitas - Durango, Mexico**

The property consists of a fully-owned interest in twenty-five mineral concessions located in Durango, Mexico (Note 6). The Company has future and possible obligations as follows:

- On April 20, 2017, two contiguous concessions were acquired by staking. One of these claims is subject to a finder's fee whereby minimum periodic payments are due on a semi-annual basis accelerating from US \$5,000 to US \$25,000 over a ninety-six-month period and a 1% NSR with such periodic payments being credited to NSR payments. Subsequent to payment of US \$5,000,000 in NSR payments the royalty is reduced to 0.5%.
- One additional concession may be acquired if the underlying owner can deliver registered title and by making a payment, excluding applicable local taxes, of US \$200,000.

#### **(b) 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 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 a lease with option to purchase agreement dated May 1, 2011, as amended, the Company can earn a 100% interest in six unpatented lode mining claims also located in the Eureka Mining District, Grant County, New Mexico. Remaining lease payments are due as:

- (i) US \$30,000 annually from May 1, 2020 (paid) to May 1, 2024; and
- (ii) 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.

#### **(c) El Sol - Durango, Mexico**

During April 2020, the Company entered into an agreement to purchase the El Sol mineral claim located in Durango, Mexico. The claim is 63 hectares and is situated contiguous with Cerro Las Minitas. Payments, excluding applicable local taxes of 16%, are due as:

- (i) US\$100,000 on August 3, 2020 (paid);
- (ii) US\$100,000 on August 3, 2021 and;
- (iii) US\$100,000 on February 3, 2022.

The property is subject to a 2% NSR payable to the optionor who has granted the Company an option to purchase the NSR at any time for US\$1,000,000.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

### 5. Mineral Properties, continued

#### (d) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the nine months ended January 31, 2021 and 2020 were:

	Cerro Las Minitas		Oro		El Sol		Total	
	\$	\$	\$	\$	\$	\$	\$	\$
	2021	2020	2021	2020	2021	2020	2021	2020
Assays and geochemistry	109,337	-	-	-	2,553	-	111,890	-
Camp, utilities and supplies	84,517	-	5	77	2,068	-	86,590	77
Claim taxes	68,764	-	-	-	3,702	-	72,466	-
Drilling	1,107,351	-	-	-	-	-	1,107,351	-
Geological and geophysics	147,042	-	5,629	1,090	4,926	-	157,597	1,090
Project supervision	253,439	-	7,516	7,830	6,445	-	267,400	7,830
IVA	206,524	-	-	-	21,152	-	227,676	-
Other	-	-	125	154	-	-	125	154
	<b>1,976,974</b>	<b>-</b>	<b>13,275</b>	<b>9,151</b>	<b>40,846</b>	<b>-</b>	<b>2,031,095</b>	<b>9,151</b>

### 6. Investment in Associate

Pursuant to an earn-in agreement completed in November 2016, Electrum Global Holdings L.P. ("Electrum") owned 60% of SSSL with the Company owning the remaining 40%. MPS, a wholly-owned subsidiary of SSSL, holds title to the Cerro Las Minitas property. Following the earn-in period, each SSSL shareholder proportionately participated in all exploration and associated costs related to the development of Cerro Las Minitas in accordance with their respective participating interest. As the Company retained a 40% interest and was able to exert significant influence, SSSL was considered to be an associate and accounted for its interest as an investment in an associate using the equity method.

On September 15, 2020, the Company closed a transaction with Electrum to acquire Electrum's 60% interest in SSSL thereby acquiring control of SSSL. As consideration for the acquisition, the Company must pay Electrum an aggregate US\$15,000,000 in a combination of cash and common shares, of which US\$5,000,000 and 2,336,590 common shares (valued at US\$1,006,403 (CDN\$1,322,596) which, together with a credit of \$1,350,000 deposit paid, represents a US\$2,000,000 share equivalent payment) have been paid and issued. The remaining consideration of US\$8,000,000 (CDN\$ 10,222,400) must be paid on or before:

- March 15, 2021: US\$2,000,000 in cash and US\$2,000,000 \* in shares based on the greater of the prior 20-day volume weighted average trading price ("VWAP") and the Discounted Market Price ("DMP") of the shares (paid and issued 5,216,533 common shares subsequent to the period end); and
- September 15, 2021: US\$2,000,000 in cash and US\$2,000,000 \* in shares based on the greater of the prior 20-day VWAP and the DMP of the shares.

\* The Company has the option to pay all cash in lieu of shares.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

### 6. Investment in Associate, continued

To secure the above remaining payments, the Company has agreed to pledge to Electrum the shares representing Electrum's 60% interest in SSSL.

The transaction has been accounted for as an acquisition of assets and liabilities as it does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration of US\$15,000,000 (CDN\$19,797,000) and capitalized to mineral properties. Costs incurred related to the transaction of \$89,943 were also capitalized to mineral properties. The remeasurement to fair value of the Company's existing interest resulted in a gain as:

	January 31, 2021	April 30, 2020
Balance as at May 1,	\$ 4,571,121	\$ 4,315,120
Advances to associate	15,381	634,927
Share of net loss	(170,579)	(378,926)
Investment in SSSL	(2,730,248)	-
Fair value of 40% interest	(13,198,000)	-
Gain on disposal	11,512,325	-
	\$ -	\$ 4,571,121

### 7. Related Party Balances and Transactions

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

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

- \$45,000 (2020 - \$45,000) for office space and general administration services;
- \$27,225 (2020 - \$27,225) for professional services;
- \$36,534 (2020 - \$17,693) for consulting services;
- \$111,770 (2020 - \$130,745) for investor relations services;
- \$49,418 (2020 - \$1,080) for geological services;
- \$27,485 (2020 - \$73,856) for geological and professional services (charged to associate);
- \$nil (2020 - \$84,130) for corporate finance services; and
- \$3,146 (2020 - \$2,635) for the mark-up on out-of-pocket expenses.

Amounts payable as at January 31, 2021 were \$29,885 (April 30, 2020 - \$31,077).

(b) Fees in the amount of \$117,000 (2020 - \$117,000) were charged by a company controlled by a director and officer of the Company. Amounts payable as at January 31, 2021 were \$13,650 (April 30, 2020 - \$13,650).

(c) Fees in the amount of \$107,660 (2020 - \$64,200) were charged by a law firm controlled by a director and officer of the Company and included in professional fees, share issue costs, mineral property expenditures / acquisitions or charged to associate. Amounts payable as at January 31, 2021 were \$nil (April 30, 2020 - \$9,856).

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

---

### 7. Related Party Balances and Transactions, continued

- (d) Fees in the amount of \$22,500 (2020 - \$22,500) were charged by an officer of the Company for consulting services. Amounts payable as at January 31, 2021 were \$2,625 (April 30, 2020 - \$2,625).
- (e) Fees in the amount of \$27,000 (2020 - \$27,000) were charged by an officer of the Company for consulting services and included in consulting fees, mineral property expenditures or charged to associate. Amounts payable as at January 31, 2021 were \$3,150 (April 30, 2020 - \$3,150).
- (f) Fees in the amount of \$nil (2020 - \$3,000) were charged by a director of the Company for consulting services (charged to associate). Amounts payable as at January 31, 2021 were \$nil (April 30, 2020 - \$nil).

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), (e) and (f) above, was:

	2021	2020
Short-term benefits	\$ 166,500	\$ 169,500
Share-based payments	2,563,396	446,572
Total	\$ 2,729,896	\$ 616,072

One executive officer is entitled to termination benefits in the event of a change of control equal to thirty-six months compensation. Upon a change of control, and assuming the triggering event took place on the last business day of the period end, the payment would be \$468,000.

### 8. Share Capital

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

#### (a) Equity Financings

*Nine months ended January 31, 2021*

On August 15, 2020, the Company closed a brokered private placement of 50,000,000 Subscription Receipts of the Company (each, a "Subscription Receipt") at a price of \$0.20 per Subscription Receipt for gross proceeds of \$10,000,000. On September 11, 2020, each Subscription Receipt was exchanged, for no additional consideration, into one unit of the Company. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant exercisable to purchase one additional common share at a price of \$0.25 during the first year, increasing to \$0.30 in year two and \$0.35 in year three.

## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

---

### **8. Share Capital, continued**

#### **(a) Equity Financings, continued**

On August 15, 2020, the Company closed a non-brokered private placement of 19,047,620 Subscription Receipts (the "Additional Subscription Receipts") at a price of \$0.21 per Additional Subscription Receipt for gross proceeds of \$4,000,000. On September 11, 2020, each Additional Subscription Receipt was exchanged, for no additional consideration, into one unit of the Company. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant exercisable to purchase one additional common share at a price of \$0.28 during the first year, increasing to \$0.33 in year two and \$0.38 in year three.

In connection with the brokered private placement, the Company issued 1,560,400 compensation options ("Compensation Options") and 1,189,600 corporate finance options (the "Corporate Finance Options"). Each Compensation Option and Corporate Finance Option entitles the holder to purchase one common share at a price of \$0.20 for a period of three years (Note 8(e)).

The Company also issued 700,000 finder's units and 700,000 finder's warrants in connection with the brokered private placement and 504,000 finder's units and 504,000 finder's warrants in connection with the non-brokered private placement. Each unit and warrant have the same terms as contained in the respective private placements (Note 8(e)).

On September 11, 2020, the Company closed a non-brokered private placement of 1,200,000 units at a price of \$0.38 per unit for gross proceeds of \$456,000. Each unit consists of one common share and one share purchase warrant, with each warrant exercisable to purchase one additional common share at an exercise price of \$0.50 per share for a period of three years.

*Nine months ended January 31, 2020*

On August 13, 2019, the Company closed the first tranche of a non-brokered private placement and issued 15,502,500 units at a price of \$0.20 per unit for gross proceeds of \$3,100,500. On September 4, 2019, the Company closed the final tranche of this private placement and issued 5,530,000 units at a price of \$0.20 per unit for gross proceeds of \$1,106,000. Each unit consisted of one common share of the Company and one common share purchase warrant whereby each warrant is exercisable to purchase one common share at an exercise price of \$0.25 for a period of five years.

The Company also issued 861,525 finders' warrants, whereby each warrant is exercisable to purchase one common share at an exercise price of \$0.25 for a period of five years (Note 8(e)).

#### **(b) Stock Options**

On September 24, 2020, 9,500,000 fully-vested stock options were granted to directors, officers and consultants at an exercise price of \$0.51 per share for a period of five years.

On October 19, 2020, the Company granted 100,000 stock options to a consultant exercisable for a period of five years at a price of \$0.58 per share. The stock options vest as to 25% per quarter.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

### 8. Share Capital, continued

#### (b) Stock Options, continued

Stock options outstanding and exercisable as at January 31, 2021 were:

Exercise Price	Expiry Date	Balance			Balance January 31, 2021
		April 30, 2020	Granted	Exercised	
\$0.08	July 29, 2020	650,000	-	650,000	-
\$0.08	September 28, 2020	190,000	-	190,000	-
\$0.11	April 22, 2021	1,168,500	-	368,500	800,000
\$0.30	June 3, 2021	1,625,000	-	300,000	1,325,000
\$0.34	October 2, 2022	2,750,000	-	200,000	2,550,000
\$0.34	February 1, 2023	150,000	-	-	150,000
\$0.17	September 27, 2023	800,000	-	165,000	635,000
\$0.27	October 1, 2024	3,250,000	-	200,000	3,050,000
\$0.20	December 20, 2024	100,000	-	-	100,000
\$0.12	April 3, 2025	1,800,000	-	200,000	1,600,000
\$0.12	April 3, 2023	666,666	-	-	666,666
\$0.51	September 24, 2025	-	9,500,000	-	9,500,000
\$0.58	October 19, 2025	-	100,000	-	100,000
		<b>13,150,166</b>	<b>9,600,000</b>	<b>2,273,500</b>	<b>20,476,666</b>
Weighted average exercise price - outstanding		\$0.23	\$0.51	\$0.16	\$0.37
Weighted average exercise price - exercisable		\$0.23	\$0.51	\$0.16	\$0.37
Weighted average remaining life in years - outstanding		2.94			3.48
Weighted average remaining life in years - exercisable		2.94			3.47

The weighted average fair value of stock options exercised was \$0.13 (2020 - \$nil).

#### (c) Compensation Options

Compensation options outstanding and exercisable as at January 31, 2021 were:

Exercise Price	Expiry Date	Balance				Balance January 31, 2021
		April 30, 2020	Granted	Exercised	Expired	
\$0.40	August 31, 2020	105,100	-	27,650	77,450	-
\$0.20	August 14, 2023	-	2,750,000	366,572	-	2,383,428
		<b>105,100</b>	<b>2,750,000</b>	<b>394,222</b>	<b>77,450</b>	<b>2,383,428</b>
Weighted average exercise price		\$0.40	\$0.20	\$0.21	\$0.40	\$0.20
Weighted average remaining life in years		0.34				2.53

The weighted average fair value of compensation options exercised was \$0.35 (2020 - \$nil) and expired was \$0.32 (2020 - \$nil).

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

### 8. Share Capital, continued

#### (d) Share Purchase Warrants

Share purchase warrants outstanding as at January 31, 2021 were:

Exercise Price	Expiry Date	Balance				Balance January 31, 2021
		April 30, 2020	Issued	Exercised	Expired	
\$0.15	June 26, 2020	9,000,000	-	9,000,000	-	-
\$0.08	March 4, 2021	6,000,000	-	-	-	6,000,000
\$0.08	April 8, 2021	450,000	-	50,000	-	400,000
\$0.15	May 19, 2021	7,852,500	-	2,640,000	-	5,212,500
\$0.55	June 13, 2022	6,372,500	-	-	-	6,372,500
\$0.55	August 31, 2020	1,750	-	-	1,750	-
\$0.55	August 31, 2022	1,170,000	-	-	-	1,170,000
\$0.55	September 29, 2022	1,254,500	-	-	-	1,254,500
\$0.25	August 13, 2024	16,199,175	-	2,753,913	-	13,445,262
\$0.25	September 4, 2024	5,694,850	-	1,115,250	-	4,579,600
\$0.25	August 14, 2023	-	26,050,000	1,462,500	-	24,587,500
\$0.28	August 14, 2023	-	10,279,809	-	-	10,279,809
\$0.50	September 11, 2023	-	1,200,000	-	-	1,200,000
		<b>53,995,275</b>	<b>37,529,809</b>	<b>17,021,663</b>	<b>1,750</b>	<b>74,501,671</b>
Weighted average exercise price		\$0.25	\$0.27	\$0.18	\$0.55	\$0.27
Weighted average remaining life in years		2.13				2.29

The weighted average fair value of share purchase warrants exercised was \$0.02 (2020 - \$0.03) and share purchase warrants expired was \$0.30 (2020 - \$nil).

#### (e) Fair Value Determination

The weighted average fair value of stock options granted was \$0.41 (2019 - \$0.20), compensation options granted was \$0.36 (2019 - \$nil) and finders warrants issued was \$0.33 (2019 - \$0.19). Fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2021			2020	
	Options	Compensation Options	Finders' Warrants	Options	Finders' Warrants
Risk-free interest rate	0.35%	0.31%	31.00%	1.38%	1.22%
Expected share price volatility	91.65%	83.49%	83.49%	93.23%	102.85%
Expected life (years)	5.00	3.00	3.00	5.00	5.00
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

### 8. Share Capital, continued

#### (e) Fair Value Determination, continued

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 recognized was as follows:

	2021	2020
Consolidated Statements of Comprehensive Loss		
Directors and officers	\$ 2,563,396	\$ 446,572
Consultants	1,331,275	221,225
	3,894,671	667,797
Consolidated Statements of Changes in Equity		
Finders' warrants / units	1,570,935	167,503
Total	\$ 5,465,606	\$ 835,300

### 9. Supplemental Cash Flow Information

	2021	2020
Cash items		
Interest received	\$ 14,032	\$ 15,534
Non-cash items		
Financing and Investing Activities		
Shares issued to extinguish liability	\$ 1,322,596	\$ -
Fair value of investment in associate on disposal	\$ 13,198,000	\$ -
Fair value of assets acquired on acquisition	\$ 19,797,000	\$ -
Option exercise proceeds received from prior period exercise	\$ 13,280	\$ -

### 10. Segmented Information

The Company conducts its business as a single operating segment, being the acquisition and exploration of mineral properties. As at January 31, 2021, the Company's non-current assets were located in the Mexico (\$36,163,909) and in the United States of America (\$425,019).

### 11. Events After the Reporting Period

Other than disclosed elsewhere, the following occurred subsequent to January 31, 2021:

- On February 11, 2021, 200,000 fully-vested stock options were granted to a consultant at an exercise price of \$0.50 per share for a period of five years.



## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

---

### **11. Events After the Reporting Period, continued**

- During February and March 2021, 1,016,666 stock options with a weighted average exercise price of \$0.18 were exercised for gross proceeds of \$179,250, 217,135 compensation options with a weighted average exercise price of \$0.20 were exercised for gross proceeds of \$43,427 and 9,546,500 share purchase warrants with a weighted average exercise price of \$0.13 were exercised for gross proceeds of \$1,273,375.
- In 2020, the COVID-19 global health pandemic resulted in significant volatility and turmoil in World markets. While the negative economic impact of measures to contain the virus have been mitigated to an extent by fiscal and monetary stimulus, by measures taken to reopen world economies, and by the development of vaccines, the situation remains uncertain and its impact on the Company depends to a large extent on future developments and new information that may emerge regarding COVID-19 and the pandemic, factors which are beyond the Company's control. Given the extent of the crisis, it is difficult to estimate the duration of the situation or its ultimate impact on the Company.



1100 – 1199 West Hastings Street,  
Vancouver, BC, V6E 3T5  
Tel: 604-684-9384 Fax: 604-688-4670  
[www.southernsilverexploration.com](http://www.southernsilverexploration.com)

**Management's Discussion and Analysis  
For the Nine Months Ended January 31, 2021  
Dated: March 30, 2021**

<b>A</b>	Introduction	2
<b>B</b>	Qualified Person	2
<b>C</b>	Foreign Exchange Information and Conversion Tables	2
<b>D</b>	Summary of Mineral Properties	3
<b>E</b>	Results of Operations	9
<b>F</b>	Summary of Quarterly Results	9
<b>G</b>	Related Party Transactions	10
<b>H</b>	Financial Condition, Liquidity and Capital Resources	11
<b>I</b>	Outstanding Equity and Convertible Securities	12
<b>J</b>	Financial Instruments	14
<b>K</b>	Events After the Reporting Period and Outlook	14
<b>L</b>	Off-balance Sheet Arrangements	14
<b>M</b>	Disclosure Controls and Procedures	14
<b>N</b>	Risks and Uncertainties	15
<b>O</b>	Proposed Transactions	17
<b>P</b>	Forward-Looking Statements	17

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2021

---

### 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, 2021 and is dated March 30, 2021. This MD&A was prepared to conform to National Instrument ("NI") 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, 2021, and the Company's audited consolidated financial statements for the year ended April 30, 2020, 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 ("SSV"), the Santiago Stock Exchange, Venture ("SSVCL") and the OTCQB Marketplace ("SSVFF").

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 is available at [www.southernsilverexploration.com](http://www.southernsilverexploration.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### B. Qualified Person

Robert W. J. Macdonald, P. Geo., is the qualified person as defined by 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 sulphide deposits.

### C. Foreign Exchange Information and Conversion Tables

For ease of reference, the following information is provided:

Canadian Dollars per US Dollar			Conversion Table		
	Nine Months Ended				
	January 31	2020	Imperial		Metric
	2021	2020			
Rate at end of period	1.2778	1.3222	1 acre	=	0.404686 hectares
Average rate for period	1.3255	1.3228	1 foot	=	0.304800 meters
			1 mile	=	1.609344 kilometres
			1 ton	=	0.907185 tonnes
			1 Ounce (troy)/ton	=	34.285700 g/t

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2021

### C. Foreign Exchange Information and Conversion Tables, continued

Precious metal units and conversion factors						
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

### 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. On September 15, 2020, the Company closed a transaction with Electrum Global Holdings L.P. ("Electrum") to acquire Electrum's 60% indirect interest in the project for consideration of US\$15,000,000 in a combination of cash and common shares. The transaction now gives the Company complete ownership and full control of the Cerro Las Minitas project.

The Company also continues to advance Oro, a gold-silver-copper-lead-zinc property located in New Mexico, USA, that features a classic porphyry zonation within the highly prospective Laramide Porphyry belt of the southern USA and the El Sol silver-lead-zinc claim which covers the northwest projection of the Blind and El Sol zones at the Cerro Las Minitas project, Durango, Mexico.

#### 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 twenty-five concessions totaling approximately 34,415 hectares in one of the most significant silver producing regions in the world.

Four separate mineral deposits have been identified with the Blind, the El Sol and the Las Victorias deposits forming sets of sub-parallel, northwest-trending and steeply dipping mineralized zones which are traced for over 1,300 metres strike and up to 600 metres depth. The fourth deposit known as the Skarn Front, forms beneath the Blind, El Sol and Las Victorias deposits and is localized on the outer edge of the skarn alteration zone surrounding a Central Monzonite Intrusion and has been drilled along an approximate 1,100 metre strike length and to depths of up to 1,000 metres.

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 Ag, 0.9% Pb and 3.9% Zn).

**Southern Silver Exploration Corp.**  
(An Exploration Stage Company)  
Management's Discussion and Analysis  
For the Nine Months Ended January 31, 2021

**D. Summary of Mineral Properties, continued**

**Cerro Las Minitas - Durango, Mexico, continued**

On May 9, 2019, the Company released an updated NI 43-101 mineral resource estimate for the project which, at a 175g/t AgEq cut-off, featured:

- Indicated Mineral resources of 134 million ounces silver equivalent or 2.0 billion pounds zinc equivalent which includes a 0.97Mt increase to 11.1Mt averaging 105g/t Ag, 0.1g/t Au, 0.16% Cu, 1.2% Pb and 3.7% Zn (375g/t AgEq; 8.2% ZnEq), containing: 37.5 million ounces of silver; 35 thousand ounces of gold; 40 million pounds of copper; 303 million pounds of lead; and 897 million pounds of zinc.
- Inferred Mineral resources of 138 million ounces silver equivalent or 2.0 billion pounds zinc equivalent which includes a significant increase to 12.8Mt averaging 111g/t Ag, 0.07g/t Au, 0.27% Cu, 0.9% Pb and 2.8% Zn (334g/t AgEq; 7.2% ZnEq) containing: 45.7 million ounces of silver; 31 thousand ounces of gold; 76 million pounds of copper, 253 million pounds of lead; and 796 million pounds of zinc.

**Table 1: Base-case Mineral Resource Estimate Utilizing a 175g/t AgEq cut-off value:**

Indicated															
Zone	Tonnes (Kt)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au (g/t)	AgEq (g/t)	ZnEq (%)	Ag TrOz (000's)	Au TrOz (000's)	Pb (Mlbs)	Zn (Mlbs)	Cu Lbs (Mlbs)	AgEq TrOz (000's)	ZnEq Lbs (Mlbs)
Blind Zone	2,007	103	0.12	2.0	2.3	0.04	310	8.0	6,647	3	90	103	5.2	19,983	354
El Sol Zone	978	83	0.09	2.3	2.2	0.04	291	7.5	2,600	1	50	47	2.0	9,168	162
Las Victorias	870	141	0.17	2.0	2.8	0.62	385	10.0	3,949	17	39	53	3.2	10,775	191
Skam Front	7,246	104	0.19	0.8	4.3	0.06	403	8.1	24,290	14	125	694	29.7	93,965	1,299
<b>Total</b>	<b>11,102</b>	<b>105</b>	<b>0.16</b>	<b>1.2</b>	<b>3.7</b>	<b>0.10</b>	<b>375</b>	<b>8.2</b>	<b>37,485</b>	<b>35</b>	<b>303</b>	<b>897</b>	<b>40</b>	<b>133,891</b>	<b>2,006</b>

  

Inferred															
Zone	Tonnes (Kt)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au (g/t)	AgEq (g/t)	ZnEq (%)	Ag TrOz (000's)	Au TrOz (000's)	Pb (Mlbs)	Zn (Mlbs)	Cu Lbs (Mlbs)	AgEq TrOz (000's)	ZnEq Lbs (Mlbs)
Blind Zone	1,261	80	0.08	1.4	2.0	0.17	243	6.2	3,258	7	38	56	2	9,848	173
El Sol Zone	794	65	0.05	1.9	2.4	0.03	262	6.6	1,669	1	33	42	1	6,695	116
Las Victorias	216	180	0.06	2.7	2.1	0.90	416	11.0	1,252	6	13	10	0	2,892	53
Skam Front	10,573	116	0.31	0.7	3.0	0.05	349	7.3	39,569	17	169	689	73	118,684	1,701
<b>Total</b>	<b>12,844</b>	<b>111</b>	<b>0.27</b>	<b>0.9</b>	<b>2.8</b>	<b>0.07</b>	<b>334</b>	<b>7.2</b>	<b>45,749</b>	<b>31</b>	<b>253</b>	<b>796</b>	<b>76</b>	<b>138,119</b>	<b>2,043</b>

Notes:

- 1) The current Resource Estimate was prepared by Garth Kirkham, P.Geo., of Kirkham Geosystems Ltd.
- 2) All mineral resources have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum ("CIM") definitions, as required under National Instrument 43-101 ("NI43-101").
- 3) Mineral resources were constrained using mainly geological constraints and approximate 10g/t AgEq grade domains.
- 4) AgEq cut-off values were calculated using average long-term prices of \$16.6/oz. silver, \$1,275/oz. gold, \$2.75/lb. copper, \$1.0/lb. lead and \$1.25/lb. zinc. Metal recoveries for the Blind, El Sol and Las Victorias deposits of 91% silver, 25% gold, 92% lead, 82% zinc and 80% copper and for the Skam Front deposit of 85% silver, 18% gold, 89% lead, 92% zinc and 84% copper were used to define the cut-off grades. Base case cut-off grade assumed \$75/tonne operating smelting and sustaining costs. All prices are stated in \$USD.
- 5) Silver Equivalents were calculated from the interpolated block values using relative recoveries and prices between the component metals and silver to determine a final AgEq value. The same methodology was used to calculate the ZnEq value.
- 6) Mineral resources are not mineral reserves until they have demonstrated economic viability. Mineral resource estimates do not account for a resource's mineability, selectivity, mining loss, or dilution.
- 7) All figures are rounded to reflect the relative accuracy of the estimate and therefore numbers may not appear to add precisely.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2021

---

### D. Summary of Mineral Properties, continued

#### Cerro Las Minitas - Durango, Mexico, continued

The mineral resources at Cerro Las Minitas have systematically increased from the initial resource estimate in 2016. Since starting exploration on the project in 2011, the Company has completed, inclusive of the current drill program, 165 drill holes totaling over 72,000 metres. The Company recently announced it is doubling the size of the current drill program from an initial 10,000 metre to a 20,000-metre program. Drilling will continue with two drills targeting the east side of the Cerro where, to date, three near-surface sulphide lenses with Bonanza-grades of silver have been identified. Shallow oxide Au-Ag mineralization has also been confirmed in the Mina La Bocona area. Mineralization in all of these new target areas is separate from the existing mineral resources. The current program has completed 28 core holes totaling 12,040 metres since restarting drilling in September 2020. Drill targeting is designed to increase the current mineral resource estimate by approximately 30%. The project remains one of the larger undeveloped silver-lead-zinc projects in the world and is fully funded and permitted for the work.

Drill results from the South Skarn target returned high-grade mineralization which include:

- a 9.0m interval (6.7m est. True Thickness) averaging 625g/t Ag, 11.8% Pb and 7.5% Zn (1,454g/t AgEq; 30.0% ZnEq) including a higher grade 2.3m interval (1.7m est. TT) averaging 1,338g/t Ag, 25.9% Pb and 17.6% Zn (3,201g/t AgEq; 66.1% ZnEq) from drill hole 20CLM-119;
- a 3.7m interval (2.7m est. TT) averaging 511g/t Ag, 5.0% Pb and 3.7% Zn (907g/t AgEq; 18.7% ZnEq) from drill hole 20CLM-120; and
- a 15.6m interval (10.4m est. TT) averaging 172g/t Ag, 3.8% Pb and 3.7% Zn (520g/t AgEq; 10.7% ZnEq) including a higher grade 0.9m interval (0.6m est. TT) grading 975g/t Ag, 21.2% Pb and 18.5% Zn (2,830/t AgEq; 58.5% ZnEq) from drill hole 20CLM-124.

The South Skarn mineralized zone has now been largely outlined for over 400 metres down dip and 200 to 300 metres along strike. Several more holes are planned to test along strike in order to continue definition of these new and high-grade mineralized bodies located on the eastern margin of the central monzonite intrusion.

Results from the Mina La Bocona target from both the near-surface strongly gold-enriched oxidized mineralization and the deeper poly-metallic sulphide mineralization include:

- a 28.5m interval of oxide mineralization averaging 1.41g/t Au and 36g/t Ag (201g/t AgEq) including a higher grade 2.8m interval averaging 5.1g/t Au and 72g/t Ag (552 AgEq) starting at 23.8m down-hole;
- a 15.1m down-hole (8.0m est. TT) averaging 1,072g/t Ag, 18.8% Pb and 7.5% Zn (2,040g/t AgEq; 51.7% ZnEq);
- a 20.9m down-hole (9.0m est. TT) averaging 212g/t Ag, 0.64g/t Au, 3.7% Pb and 3.3% Zn (512g/t AgEq; 13.0% ZnEq) from the Bocona Chimney; and
- a 9.3m down-hole (6.1m est. TT) averaging 344g/t Ag, 0.59g/t Au, 5.7% Pb and 3.9% Zn (728g/t AgEq; 18.5% ZnEq).

Drilling on the east side of the Cerro will test an approximate 800 metre strike length of the South Skarn Target and Mina La Bocona Target mineralized zones to depths of up to 650 metres as well as a high-grade hanging wall zone in the Mina La Bocona Target area.

## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2021

---

### **D. Summary of Mineral Properties, continued**

#### **Cerro Las Minitas - Durango, Mexico, continued**

Metallurgical test work on representative composites from the Cerro Las Minitas mineral deposits was conducted by Blue Coast Research of Parksville, BC which visited the project in October 2017 to supervise the selection of samples for use in the study. Representative samples of the Blind – El Sol oxides and sulphides as well as the Skarn Front sulphides were collected from drill core and combined into three distinct composites to represent the three different styles of mineralization currently identified on the project. Test work included sample characterization and batch flotation tests. A limited cyanidation test program was conducted on the Blind – El Sol oxide composite. Sample characterization of the composites included head analyses, chemical characterization, modal mineralogy determinations (including microprobe work) and Bond Ball Work Index tests.

The batch test work generated high-grade lead and zinc concentrates from the Blind-El Sol deposits, but produced a diluted zinc concentrate from test work on the Skarn Front deposit. Further batch test work successfully optimized the flotation sequence, upgraded the zinc concentrate by removing the chalcopyrite and created a separate copper concentrate.

In mid-2019, the Company collected additional sample material from the Skarn Front zone including +200kg of sample for lock-cycle testing on a master composite and variability testing on seven additional smaller sub-sets of the Skarn Front mineralization.

The locked-cycle test work, as reported in January 2020, was based on the open circuit flowsheet established in the earlier batch test work. Owing to the lower copper content of the master composite, a larger scale batch cleaner test was conducted to establish the copper metallurgy. Results from the locked-cycle test were combined with the copper cleaner test work to create an overall metallurgical projection for the Skarn Front composite as follows:

- 83.6% Pb and 77.3% Ag into the lead concentrate assaying 65.1% Pb and 5,504g/t Ag respectively after three stages of cleaning; and
- 94.7% Zn and 8.0% Ag into the zinc concentrate assaying 54.0% Zn and 92g/t Ag respectively after three stages of cleaning; and
- 60.2% Cu and 6.5% Ag into the copper concentrate assaying 27.0% Cu and 1,255g/t Ag respectively after three stages of cleaning;

These latest test results complement previously reported recoveries from the Blind – El Sol sulphide composite which recovered:

- 82% Ag, 90% Pb and 4% Zn into a lead concentrate assaying 2,880ppm Ag, 68% Pb and 2% Zn; and
- 78% Zn into a zinc concentrate assaying 52% Zn.

The combined results from the Blind – El Sol and the Skarn Front deposits provide very favorable recoveries and grades of silver, lead and zinc which form the initial basis for a metallurgical processing flowsheet which in turn, can be used in the further evaluation and scoping of the project. Variability test work on Skarn Front deposit confirmed that the Cu-Pb-Zn flotation circuit accommodates large swings in both overall grade and sulphide content and can effectively handle head grades ~6x higher than average using only reagent dosage control.

## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2021

---

### **D. Summary of Mineral Properties, continued**

#### **El Sol - Durango, Mexico**

The El Sol concession is a single 63 hectare claim strategically located on the northwestern boundary of the Bocona block of claims and is adjacent to the Area of the Cerro which hosts the four mineral deposits currently identified within the Cerro Las Minitas claim package. It covers an important northwest projection of the Blind-El Sol deposits and potentially at least one additional mineralized structure. The claim is largely gravel covered with previous work including: airborne magnetic geophysics; surface soil and acacia sampling; limited dump sampling of historic artisanal workings and a single core hole in the southeastern end of the property.

A drill hole, from 2013, intersected thick intervals of aplite and monzonite with associated grossular skarn and re-crystallized limestone which corresponds well to the projection of the Blind Zone deposit and returned anomalous Ag-Pb-Zn values with associated pathfinder elements. Additional exploration potential exists, both down dip of the initial drill intercepts and on-strike to the northwest where the projected structure crosses two large magnetic anomalies located on the claim.

Select dump sampling of artisanal workings located to the northeast of the Blind Zone structure returned anomalous values from several strongly oxidized and silicified rocks including sample CLM-316 which returned 0.67g/t Au, 559g/t Ag, 3.3% Pb and 4.3% Zn. These workings do not appear to be related to the Blind Zone mineralization and represent a second potential high-grade target for priority follow-up.

Future exploration on the claim will focus on: defining new drill targets along the projection of the Blind Zone deposit; further sampling in the area of the two large magnetic anomalies located on the claim and target definition in the area of the artisanal workings.

#### **Oro - New Mexico, USA**

The Oro property comprises a contiguous block of Federal, State and private land 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 zone of 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 sediment-hosted gold mineralization Stockpond target located 3 kilometres to the northeast of the porphyry system.

In October 2017 the company completed an eight-hole, 1,520 metre reverse circulation (RC) drill program on the Stockpond gold target. The program was a follow-up to Phase I drilling in 2016 which intersected thick horizons of strongly silicified and hematite-rich sediments in eight of nine holes drilled, with the higher gold grades spatially associated with zones of strong silicification. The strongest values were obtained in the easternmost hole, SP16-004, which intersected a 41.2 metre interval of 0.42g/t Au (including a 9.1 metre interval of 0.75g/t Au). Phase II holes offset this encouraging drill intercept and tested to bedrock in the large gravel-covered area to the east of the earlier drilling returning a 53.3 metre interval averaging 0.24g/t Au from drill hole SP17-011 and a 39-metre interval averaging 0.17g/t Au from drill hole SP17-010.



**Southern Silver Exploration Corp.**  
(An Exploration Stage Company)  
Management's Discussion and Analysis  
For the Nine Months Ended January 31, 2021

**D. Summary of Mineral Properties, continued**

**Oro - New Mexico, USA, continued**

Drilling at Stockpond continues to identify intervals of anomalous gold on the order of tens of metres thick which are open the along the projection of the target structure to the south of the original Stockpond target and into an area of strong EM response.

The Company previously completed a 300 line-kilometre airborne Z-TEM survey over the entire property at 200 metre line spacing as part of a larger evaluation of the property to identify new targets for drill testing Cu-Mo porphyry potential. Recent data compilations show several potential high-quality Cu-Au porphyry and skarn targets. Permitting is in process for an eight-core hole, 5,000 metre drill programs scheduled for Q4 2021.

**Acquisition Costs**

Mineral property acquisition costs as at January 31, 2021 were:

	<b>Cerro Las Minitas</b>	<b>Oro</b>	<b>El Sol</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at April 30, 2019	-	218,447	-	218,447
Additions, net	-	100,238	-	100,238
Balance as at April 30, 2020	-	318,685	-	318,685
Additions, net	-	106,334	132,200	238,534
Asset acquisition	36,031,709	-	-	36,031,709
<b>Balance as at January 31, 2021</b>	<b>36,031,709</b>	<b>425,019</b>	<b>132,200</b>	<b>36,588,928</b>

**Exploration and Evaluation Expenditures**

Exploration and evaluation expenditures for the nine months ended January 31, 2021 and 2020 were:

	<b>Cerro Las Minitas</b>		<b>Oro</b>		<b>El Sol</b>		<b>Total</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Assays and geochemistry	109,337	-	-	-	2,553	-	111,890	-
Camp, utilities and supplies	84,517	-	5	77	2,068	-	86,590	77
Claim taxes	68,764	-	-	-	3,702	-	72,466	-
Drilling	1,107,351	-	-	-	-	-	1,107,351	-
Geological and geophysics	147,042	-	5,629	1,090	4,926	-	157,597	1,090
Project supervision	253,439	-	7,516	7,830	6,445	-	267,400	7,830
IVA	206,524	-	-	-	21,152	-	227,676	-
Other	-	-	125	154	-	-	125	154
	<b>1,976,974</b>	<b>-</b>	<b>13,275</b>	<b>9,151</b>	<b>40,846</b>	<b>-</b>	<b>2,031,095</b>	<b>9,151</b>

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2021

---

### E. Results of Operations

The Company realized net income of \$4,812,226 for the nine months ended January 31, 2021 (2020 - \$1,856,844 net loss).

As per its mandate to acquire, explore, and develop mineral resource properties, the Company continued drilling at Cerro Las Minitas and completed initial sampling at El Sol (*D - Summary of Mineral Properties*). Up until September 15, 2020, the Company's share of costs associated with exploration and other activities at Cerro Las Minitas were accounted for within Share of Loss in Equity Accounted Investment. Investor relations expenses increased as a result of on-going promotional initiatives.

Non-cash share-based payments expense fluctuates as stock options are granted and vest. 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. Other income recognized mainly relates to interest income earned on cash reserves. A non-cash gain was realized upon the completion of the transaction with Electrum whereby the Company acquired an additional 60% indirect interest in the Cerro Las Minitas property.

A summary of variances is as follows:

	2021	2020	Variance
	\$	\$	\$
Administration	45,000	45,000	-
Consulting	212,822	173,493	39,329
Exploration and evaluation	2,031,095	9,151	2,021,944
Investor relations	530,580	393,532	137,048
Office and general	29,822	16,693	13,129
Professional fees	192,746	175,643	17,103
Regulatory fees and taxes	36,607	32,398	4,209
Share-based payments	3,894,671	667,797	3,226,874
Shareholders' communications	12,168	8,351	3,817
Transfer agent	31,356	13,076	18,280
Travel	-	18,347	(18,347)
Foreign exchange (gain) loss	(473,315)	(1,419)	(471,896)
Other income	(14,032)	(20,362)	6,330
Share of loss in equity accounted investment	170,579	325,144	(154,565)
Gain on disposal of investment in associate	(11,512,325)	-	(11,512,325)

### F. Summary of Quarterly Results

The Company earned no revenue due to the nature of current operations.

Quarterly fluctuations mainly relate to recognition of share-based payments which occur as stock options are granted and vest, foreign exchange gains and losses which vary with market rates, mineral property exploration expenses which occur as projects are identified or impairments which occur when indicators arise and share of losses in equity accounted investment.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2021

### F. Summary of Quarterly Results, continued

Significant share-based payments expense was recognized in the three months ended October 31, 2020, April 30, 2020 and October 31, 2019. A significant gain on disposal of investment in associate was recognized in the three months ended October 31, 2020. The following financial data was derived from the Company's consolidated financial statements for the eight previous quarters:

	Jan 31, 2021 \$	Oct 31, 2020 \$	July 31, 2020 \$	Apr 30, 2020 \$	Jan 31, 2020 \$	Oct 31, 2019 \$	Jul 31, 2019 \$	Apr 30, 2019 \$
Net (income) loss	1,093,749	(6,393,941)	487,966	586,487	370,922	1,145,796	340,126	292,476
Basic (earnings) loss per share	\$ -	\$ (0.04)	\$ -	\$ -	\$ -	\$ 0.01	\$ -	\$ -
Diluted (earnings) loss per share	\$ -	\$ (0.02)	\$ -	\$ -	\$ -	\$ 0.01	\$ -	\$ -

### G. Related Party Transactions

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

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

- \$45,000 (2020 - \$45,000) for office space and general administration services;
- \$27,225 (2020 - \$27,225) for professional services;
- \$36,534 (2020 - \$17,693) for consulting services;
- \$111,770 (2020 - \$130,745) for investor relations services;
- \$49,418 (2020 - \$1,080) for geological services;
- \$27,485 (2020 - \$73,856) for geological and professional services (charged to associate);
- \$nil (2020 - \$84,130) for corporate finance services; and
- \$3,146 (2020 - \$2,635) for the mark-up on out-of-pocket expenses.

Amounts payable as at January 31, 2021 were \$29,885 (April 30, 2020 - \$31,077).

(b) Fees in the amount of \$117,000 (2020 - \$117,000) were charged by a company controlled by a director and officer of the Company. Amounts payable as at January 31, 2021 were \$13,650 (April 30, 2020 - \$13,650).

(c) Fees in the amount of \$107,660 (2020 - \$64,200) were charged by a law firm controlled by a director and officer of the Company and included in professional fees, share issue costs, mineral property expenditures / acquisitions or charged to associate. Amounts payable as at January 31, 2021 were \$nil (April 30, 2020 - \$9,856).

(d) Fees in the amount of \$22,500 (2020 - \$22,500) were charged by an officer of the Company for consulting services. Amounts payable as at January 31, 2021 were \$2,625 (April 30, 2020 - \$2,625).

(e) Fees in the amount of \$27,000 (2020 - \$27,000) were charged by an officer of the Company for consulting services and included in consulting fees, mineral property expenditures or charged to associate. Amounts payable as at January 31, 2021 were \$3,150 (April 30, 2020 - \$3,150).

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2021

---

### G. Related Party Transactions, continued

- (f) Fees in the amount of \$nil (2020 - \$3,000) were charged by a director of the Company for consulting services (charged to associate). Amounts payable as at January 31, 2021 were \$nil (April 30, 2020 - \$nil).

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), (e) and (f) above, was:

	2021	2020
Short-term benefits	\$ 166,500	\$ 169,500
Share-based payments	2,563,396	446,572
Total	\$ 2,729,896	\$ 616,072

One executive officer is entitled to termination benefits in the event of a change of control equal to thirty-six months compensation. Upon a change of control, and assuming the triggering event took place on the last business day of the period end, the payment would be \$468,000.

### H. Financial Condition, Liquidity and Capital Resources

As at January 31, 2021, the Company had a working capital deficit of \$1,351,970 (April 30, 2020 - \$3,426,810 working capital).

The Company does not yet generate any revenue from operations and, for the foreseeable future, will need to rely upon 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.

On August 15, 2020, the Company closed a brokered private placement of 50,000,000 Subscription Receipts of the Company (each, a "Subscription Receipt") at a price of \$0.20 per Subscription Receipt for gross proceeds of \$10,000,000. On September 11, 2020, each Subscription Receipt was exchanged, for no additional consideration, into one unit of the Company. On August 15, 2020, the Company closed a non-brokered private placement of 19,047,620 Subscription Receipts (the "Additional Subscription Receipts") at a price of \$0.21 per Additional Subscription Receipt for gross proceeds of \$4,000,000. On September 11, 2020, each Additional Subscription Receipt was exchanged, for no additional consideration, into one unit of the Company. On September 11, 2020, the Company closed a non-brokered private placement of 1,200,000 units at a price of \$0.38 per unit for gross proceeds of \$456,000.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2021

---

### H. Financial Condition, Liquidity and Capital Resources, continued

During the fiscal year to date, 3,290,166 stock options were exercised for gross proceeds of \$551,035, 611,357 compensation options were exercised for gross proceeds of \$127,801 and 26,478,163 share purchase warrants were exercised for gross proceeds of \$4,356,291.

On September 15, 2020, the Company closed a transaction with Electrum to acquire Electrum's 60% interest in SSSL thereby acquiring control of SSSL. As consideration for the acquisition, the Company must pay Electrum an aggregate US\$15,000,000 in a combination of cash and common shares, of which US\$5,000,000 and 2,336,590 common shares (valued at US\$1,006,403 (CDN\$1,322,596) which, together with a credit of \$1,350,000 deposit paid, represents a US\$2,000,000 share equivalent payment) have been paid and issued. The remaining consideration of US\$8,000,000 (CDN\$ 10,222,400) must be paid on or before:

- March 15, 2021: US\$2,000,000 in cash and US\$2,000,000 \* in shares based on the greater of the prior 20-day volume weighted average trading price ("VWAP") and the Discounted Market Price ("DMP") of the shares (paid and issued 5,216,533 common shares on March 15, 2021); and
- September 15, 2021: US\$2,000,000 in cash and US\$2,000,000 \* in shares based on the greater of the prior 20-day VWAP and the DMP of the shares.

\* The Company has the option to pay all cash in lieu of shares.

To secure the above remaining payments, the Company has agreed to pledge to Electrum the shares representing Electrum's 60% interest in SSSL.

### I. Outstanding Equity and Convertible Securities

#### i) Issued and Outstanding Shares

As at March 30, 2021, the Company had 241,893,172 common shares issued and outstanding.

#### ii) Compensation Options

Compensation options outstanding as at March 30, 2021 were as follows:

Exercise Price	Expiry Date	Balance		Balance March 30, 2021
		January 31, 2021	Exercised	
\$0.20	August 14, 2023	2,383,428	217,135	2,166,293
		<b>2,383,428</b>	<b>217,135</b>	<b>2,166,293</b>
Weighted average exercise price		\$0.20	\$0.20	\$0.20
Weighted average remaining life in years		2.53		2.38

**Southern Silver Exploration Corp.**  
(An Exploration Stage Company)  
Management's Discussion and Analysis  
For the Nine Months Ended January 31, 2021

**I. Outstanding Equity and Convertible Securities, continued**

**iii) Share Purchase Warrants**

Share purchase warrants outstanding as at March 30, 2021 were:

Exercise Price	Expiry Date	Balance		Balance March 30, 2021
		January 31, 2021	Exercised	
\$0.08	March 4, 2021	6,000,000	6,000,000	-
\$0.08	April 8, 2021	400,000	100,000	300,000
\$0.15	May 19, 2021	5,212,500	762,500	4,450,000
\$0.55	June 13, 2022	6,372,500	-	6,372,500
\$0.55	August 31, 2022	1,170,000	-	1,170,000
\$0.55	September 29, 2022	1,254,500	-	1,254,500
\$0.25	August 13, 2024	13,445,262	1,185,000	12,260,262
\$0.25	September 4, 2024	4,579,600	1,249,000	3,330,600
\$0.25	* August 14, 2023	24,587,500	250,000	24,337,500
\$0.25	* August 14, 2023	10,279,809	-	10,279,809
\$0.50	September 11, 2023	1,200,000	-	1,200,000
		<b>74,501,671</b>	<b>9,546,500</b>	<b>64,955,171</b>
Weighted average exercise price		\$0.27	\$0.08	\$0.29
Weighted average remaining life in years		2.29		2.31

\* Exercise price is \$0.25 during the first year, increasing to \$0.30 in year two and \$0.35 in year three.

\*\* Exercise price is \$0.28 during the first year, increasing to \$0.33 in year two and \$0.38 in year three.

**iv) Stock Options**

Stock options outstanding and exercisable as at March 30, 2021 were:

Exercise Price	Expiry Date	Balance			Balance March 30, 2021
		January 31, 2021	Granted	Exercised	
\$0.11	April 22, 2021	800,000	-	-	800,000
\$0.30	June 3, 2021	1,325,000	-	100,000	1,225,000
\$0.34	October 2, 2022	2,550,000	-	100,000	2,450,000
\$0.34	February 1, 2023	150,000	-	-	150,000
\$0.17	September 27, 2023	635,000	-	45,000	590,000
\$0.27	October 1, 2024	3,050,000	-	100,000	2,950,000
\$0.20	December 20, 2024	100,000	-	-	100,000
\$0.12	April 3, 2025	1,600,000	-	5,000	1,595,000
\$0.12	April 3, 2023	666,666	-	666,666	-
\$0.51	September 24, 2025	9,500,000	-	-	9,500,000
\$0.58	October 19, 2025	100,000	-	-	100,000
\$0.50	February 11, 2026	-	200,000	-	200,000
		<b>20,476,666</b>	<b>200,000</b>	<b>1,016,666</b>	<b>19,660,000</b>
Weighted average exercise price - outstanding		\$0.37	\$0.50	\$0.18	\$0.38
Weighted average remaining life in years - outstanding		3.48			3.40
Weighted average exercise price - exercisable		\$0.37	\$0.50	\$0.18	\$0.38
Weighted average remaining life in years - exercisable		3.47			3.40

**Southern Silver Exploration Corp.**  
(An Exploration Stage Company)  
Management's Discussion and Analysis  
For the Nine Months Ended January 31, 2021

---

**J. Financial Instruments**

The Company's financial instruments include cash, other receivables, 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
Other Receivables	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 other receivables, accounts payable and accrued liabilities and amounts due to related parties approximate their fair values due to the short period to maturity. The main risk these financial instruments are exposed to is foreign currency risk with respect to assets and liabilities denominated in US dollars. Based on forecast exchange rates, the Company does not believe these risks to be material. The Company's risk management policies require significant cash deposits or any short-term investments be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. 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 end of the reporting period. The Company plans to continue to explore its properties 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.

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.

## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2021

---

### **M. Disclosure Controls and Procedures, continued**

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:

#### *Exploration Stage Company*

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. In the future, the Company will be required to rely on 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.



## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2021

---

### **N. Risks and Uncertainties, continued**

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.

#### *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.

#### *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.

#### *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.

#### *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.

**N. Risks and Uncertainties, continued**

*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.

*COVID-19*

In 2020, the COVID-19 global health pandemic resulted in significant volatility and turmoil in World markets. While the negative economic impact of measures to contain the virus have been mitigated to an extent by fiscal and monetary stimulus, by measures taken to reopen world economies, and by the development of vaccines, the situation remains uncertain and its impact on the Company depends to a large extent on future developments and new information that may emerge regarding COVID-19 and the pandemic, factors which are beyond the Company's control. Given the extent of the crisis, it is difficult to estimate the duration of the situation or its ultimate impact on the Company.

**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.

## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2021

---

### **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.