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

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**NOTICE OF NO AUDITOR REVIEW**

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

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian Dollars, Unaudited)

	Note	Three Months Ended		Nine Months Ended	
		January 31,		January 31,	
		2015	2014	2015	2014
<b>Expenses</b>					
Administration		\$ 60,000	\$ 31,500	\$ 60,000	\$ 94,500
Consulting		41,278	32,869	128,673	112,005
Exploration and evaluation, net of recoveries	6(e)	230,656	(938)	268,259	(185,171)
Independent directors' fees		-	8,337	6,000	26,008
Investor relations		6,733	27,770	39,012	131,301
Office and general		5,871	7,925	10,791	26,095
Professional fees		60,585	43,503	132,154	172,398
Regulatory fees and taxes		7,589	772	10,819	5,128
Shareholders' communications		1,958	619	3,834	2,485
Transfer agent		1,866	225	9,549	5,812
Travel and promotion		-	-	3,262	2,126
		<b>416,536</b>	<b>152,582</b>	<b>672,353</b>	<b>392,687</b>
Foreign exchange loss		17,826	17,010	37,376	31,018
Interest and other income		(8,909)	(77)	(8,909)	(232)
Loan interest accretion		32,508	599	33,705	1,802
Mineral property impairment	6	-	-	27,190	369,010
Realized gain on sale of marketable securities		-	-	(4,975)	-
		<b>41,425</b>	<b>17,532</b>	<b>84,387</b>	<b>401,598</b>
<b>Net Loss for the Period</b>		<b>\$ 457,961</b>	<b>\$ 170,114</b>	<b>\$ 756,740</b>	<b>\$ 794,285</b>
<b>Other Comprehensive Loss</b>					
Reclassification adjustment for realized gain on sale of marketable securities included in net loss		-	-	4,975	-
Unrealized loss (gain) on marketable securities, net of taxes		-	-	25	(8,000)
<b>Net Loss and Comprehensive Loss for the Period</b>		<b>\$ 457,961</b>	<b>\$ 170,114</b>	<b>\$ 761,740</b>	<b>\$ 786,285</b>
Loss per share - basic and diluted		\$ 0.03	\$ 0.01	\$ 0.04	\$ 0.05
Weighted average number of common shares outstanding		17,803,284	16,897,906	17,281,813	15,537,109

*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, 2015	April 30, 2014
<b>Current Assets</b>			
Cash		\$ 61,990	\$ 121,247
Taxes and other receivables		2,508	132,031
Marketable securities	5	-	16,000
Prepays		368	32,692
		<b>64,866</b>	<b>301,970</b>
<b>Non-Current Assets</b>			
Reclamation bonds		44,360	43,881
Mineral properties	6	2,051,619	1,378,892
		<b>2,095,979</b>	<b>1,422,773</b>
		<b>\$ 2,160,845</b>	<b>\$ 1,724,743</b>
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 636,760	\$ 619,335
Due to related parties	7	442,906	207,407
Loans payable	8	97,178	51,430
Convertible loan payable	8	755,430	-
		<b>1,932,274</b>	<b>878,172</b>
<b>Equity</b>			
Share capital	9	29,647,415	29,551,475
Subscriptions received		47,800	-
Share-based payments reserve		337,276	891,522
Warrants reserve		66,270	66,270
Accumulated other comprehensive income		-	5,000
Deficit		(29,870,190)	(29,667,696)
		<b>228,571</b>	<b>846,571</b>
		<b>\$ 2,160,845</b>	<b>\$ 1,724,743</b>

Approved on behalf of the Board

"Lawrence Page"

Lawrence Page, Q.C.

"Eugene Spiering"

Eugene Spiering

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

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity

Nine Months Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Subscriptions Received	Share-based Payments Reserve		Warrants Reserve	Accumulated Other Comprehensive Income (Loss)		Deficit	Total
	Number of Shares	Amount					Income (Loss)			
<b>Balance as at April 30, 2013</b>	14,469,891	\$ 29,073,186	\$ -	\$ 1,054,446	\$ 66,270	\$ (2,000)	\$ (27,739,367)	\$ 2,452,535		
Issued										
Private placement	2,428,015	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)		
<b>Balance as at January 31, 2014</b>	16,897,906	29,501,475	-	891,058	66,270	6,000	(28,352,363)	2,112,440		
<b>Balance as at April 30, 2014</b>	16,997,436	\$ 29,551,475	\$ -	\$ 891,522	\$ 66,270	\$ 5,000	\$ (29,667,696)	\$ 846,571		
Issued										
Shares for services	50,000	25,000	-	-	-	-	-	25,000		
Shares for loan finder	1,350,000	67,500	-	-	-	-	-	67,500		
Shares for loan bonus	86,000	3,440	-	-	-	-	-	3,440		
Subscriptions received	-	-	47,800	-	-	-	-	47,800		
Fair value of options and warrants expired	-	-	-	(554,246)	-	-	554,246	-		
Other comprehensive loss	-	-	-	-	-	(5,000)	-	(5,000)		
Net loss for the period	-	-	-	-	-	-	(756,740)	(756,740)		
<b>Balance as at January 31, 2015</b>	18,483,436	\$ 29,647,415	\$ 47,800	\$ 337,276	\$ 66,270	\$ -	\$ (29,870,190)	\$ 228,571		

*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, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

	2015	2014
<b>Operating Activities</b>		
Net loss for the period	\$ (756,740)	\$ (794,285)
<b>Items not involving cash:</b>		
Interest accretion	33,705	1,802
Mineral property impairment	27,190	369,010
Realized gain on sale of marketable securities	(4,975)	-
Shares issued for services	25,000	-
Unrealized foreign exchange (gain) loss	(17,682)	2,622
	(693,502)	(420,851)
<b>Changes in non-cash working capital</b>		
Taxes and other receivables	129,523	20,755
Prepays	32,324	(33,041)
Accounts payable and accrued liabilities	17,425	(155,785)
Due to related parties	235,499	45,698
	414,771	(122,373)
<b>Cash Used in Operating Activities</b>	<b>(278,731)</b>	<b>(543,224)</b>
<b>Investing Activities</b>		
Mineral property (acquisition) recovery	(699,917)	62,125
Proceeds on sale of marketable securities	15,975	-
Reclamation bond recovery	-	75,574
<b>Cash (Used in) Provided by Investing Activities</b>	<b>(683,942)</b>	<b>137,699</b>
<b>Financing Activities</b>		
Proceeds from issuance of shares, net	-	446,190
Subscriptions received	47,800	-
Loans received, net	838,413	-
<b>Cash Provided by Financing Activities</b>	<b>886,213</b>	<b>446,190</b>
<b>Foreign Exchange Effect on Cash</b>	<b>17,203</b>	<b>(2,795)</b>
<b>(Decrease) Increase in Cash During the Period</b>	<b>(59,257)</b>	<b>37,870</b>
<b>Cash, Beginning of Period</b>	<b>121,247</b>	<b>16,054</b>
<b>Cash, End of Period</b>	<b>\$ 61,990</b>	<b>\$ 53,924</b>

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, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

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### **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, 2015, the Company had a working capital deficiency of \$1,867,408 (April 30, 2014 - \$576,202). The Company incurred a net loss of \$756,740 for the nine months ended January 31, 2015 (2014 - \$794,285) and had an accumulated deficit of \$29,870,190 as at January 31, 2015 (April 30, 2014 - \$29,667,696).

As at January 31, 2015, the Company does not have sufficient working capital to meet its administrative overheads, continue its exploration programs or repay its short-term borrowings. 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 (Note 12). There can be no assurance that further 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.

These condensed consolidated interim financial statements 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.

## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

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### **2. Basis of Preparation, 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 consolidated financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended April 30, 2014.

These condensed consolidated interim financial statements were approved by the Board of Directors for issue on March 31, 2015.

### **3. Summary of Significant Accounting Policies**

Other than below, the same accounting policies have been 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 ("IFRS") of the results for the interim periods presented.

#### *Convertible Instruments*

Proceeds received on the issuance of convertible instruments are initially recorded at fair value and allocated into their debt and equity components depending on the features included within the instrument.

Transaction costs are allocated between the various components on a pro-rata basis.

Subsequent to initial recognition, the debt component, net of apportioned transaction costs, is classified as other financial liabilities measured at amortized cost using the effective interest method such that upon maturity, the debt balance recorded will equal the maturity value of the remaining outstanding debt. The increase in the debt balance and amortization of related transaction costs are reflected as interest accretion expense in profit or loss.

Derivatives are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit or loss.

### **4. Financial Instruments**

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



## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

### 5. Marketable Securities

On May 16, 2014, the Company sold its entire holding of 100,000 common shares of Desert Star Resources Ltd. ("Desert Star") for gross proceeds of \$15,795.

### 6. Mineral Properties

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

	Mexico		USA		
	Cerro Las Minitas	Minas de Ameca	Oro	Dragoon	Total
	\$	\$	\$	\$	\$
Balance as at April 30, 2013	1,459,225	363,205	1,133,280	103,911	3,059,621
Additions, net	(80,333)	6,405	3,767	14,792	(55,369)
Impairments	-	(369,610)	(1,137,047)	(118,703)	(1,625,360)
Balance as at April 30, 2014	1,378,892	-	-	-	1,378,892
Additions, net	672,727	-	27,190	-	699,917
Impairments	-	-	(27,190)	-	(27,190)
<b>Balance as at January 31, 2015</b>	<b>2,051,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,051,619</b>

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 acquired 19 mineral concessions located in Durango, Mexico.

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. On September 11, 2014, the Company received notice from FMEC of termination of the earn-in agreement.

As part of the termination, FMEC assigned to the Company, for no consideration, its option to acquire a 100% unencumbered interest in the El Sol Concession, which is situated contiguous to the northwest boundary of Cerro Las Minitas.

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

- (i) US \$600,000 on June 28, 2015; and
- (ii) US \$850,000 on June 28, 2016.

## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

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### **6. Mineral Properties, continued**

#### **(b) Minas de Ameca (Magistral) - 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 acquired the El Magistral mineral concession in the Ameca region in the State of Jalisco, Mexico. The mineral concession is subject to a 1% net smelter royalty ("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, including sale to a third party.

#### **(c) Oro - New Mexico, USA**

Pursuant to an agreement dated August 28, 2006, as amended, the Company acquired certain unpatented mining claims in the Eureka Mining District, Grant County, New Mexico.

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

Pursuant to an agreement effective December 1, 2007, as amended, the Company acquired eight patented lode mining claims, which are adjacent to the above claims, and surface rights to a contiguous property.

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

Remaining lease payments are due as follows:

- (i) US \$6,000 annually from May 1, 2015 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, subject to a 1% NSR payable to the optionors, which terminates when aggregate payments thereunder equal US \$500,000.

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. On July 8, 2014, the Company received notice of termination of this agreement.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

### 6. Mineral Properties, continued

#### (d) Dragoon - Arizona, USA

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

The Company since relinquished its interest in the property.

#### (e) Exploration and Evaluation Expenses

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

	Mexico		USA					
	Cerro Las Minitas		Oro		Dragoon		Total	
	\$	\$	\$	\$	\$	\$	\$	\$
	2015	2014	2015	2014	2015	2014	2015	2014
Assays and geochemistry	14,495	26,647	-	-	-	-	14,495	26,647
Camp, utilities and supplies	7,923	8,764	-	(652)	-	-	7,923	8,112
Drilling	64,172	445,675	-	-	-	-	64,172	445,675
Environmental	249	254	-	-	-	-	249	254
Equipment and field supplies	9,976	15,643	7	37	-	-	9,983	15,680
Geological and geophysics	50,122	175,254	584	1,426	-	-	50,706	176,680
Land fees	72,943	49,001	307	-	-	-	73,250	49,001
Project supervision	118,123	80,973	19,000	2,378	-	2,137	137,123	85,488
Project support	3,447	8,196	-	-	-	-	3,447	8,196
Taxes	196,333	179,964	-	-	-	-	196,333	179,964
Travel	2,757	2,759	-	-	-	-	2,757	2,759
Recoveries	(294,803)	(1,194,769)	-	-	-	-	(294,803)	(1,194,769)
	<b>245,737</b>	<b>(201,639)</b>	<b>19,898</b>	<b>3,189</b>	<b>-</b>	<b>2,137</b>	<b>265,635</b>	<b>(196,313)</b>
General exploration - other							2,624	11,142
							<b>268,259</b>	<b>(185,171)</b>

## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

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### **7. Related Party Balances and Transactions**

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

(a) Pursuant to a revised service agreement between the Company and a private company controlled by a director and officer of the Company, with a retrospective effective date of February 1, 2014, the Company was charged as follows:

- \$60,000 (2014 - \$94,500) for office space and general administration services;
- \$39,000 (2014 - \$51,013) for professional services;
- \$10,000 (2014 - \$16,614) for consulting services;
- \$nil (2014 - \$15,550) for investor relations services;
- \$94,000 (2014 - \$32,003) for geological consulting services in relation to mineral properties; and
- \$941 (2014 - \$1,314) for the mark-up on out-of-pocket expenses and office and general.

Amounts payable as at January 31, 2015 were \$219,179 (April 30, 2014 - \$25,577).

(b) Fees in the amount of \$84,240 (2014 - \$84,240) were charged by a director and officer of the Company for consulting services. Amounts payable as at January 31, 2015 were \$182,002 (April 30, 2014 - \$93,551).

(c) Fees in the amount of \$nil (2014 - \$37,356) were charged by a law firm controlled by a director and officer of the Company and included in professional fees, share issue costs and mineral property expenditures. Amounts payable as at January 31, 2015 were \$22,225 (April 30, 2014 - \$22,225).

(d) Fees in the amount of \$nil (2014 - \$2,500) were charged by a private company controlled by a former officer of the Company for consultancy services.

(e) Fees in the amount of \$9,000 (2014 - \$8,000) were charged by an officer of the Company for consultancy services. Amounts payable as at January 31, 2015 were \$19,500 (April 30, 2014 - \$10,500).

(f) Fees of \$6,000 (2014 - \$26,008) were payable with respect to independent directors' fees. Such fees ceased to be payable effective November 1, 2014. Accounts payable as at April 30, 2014 were \$55,554).

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, 2015 was \$496,080.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

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

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 as follows:

	2015	2014
Short-term benefits	\$ 99,240	\$ 120,748
Total	\$ 99,240	\$ 120,748

### 8. Loans

#### *Loans payable*

During August 2012, the Company entered into two loan agreements, one with a private company controlled by a former 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 each respective loan. The Company, in its sole discretion, can elect to repay all interest and loan balances by the issuance of common shares.

No principal amounts were repaid and all outstanding balances are repayable on demand.

On January 20, 2015, the Company entered into a six month loan agreement with a director and officer of the Company with respect to loans advanced during August and September 2014 totalling \$43,000. All terms of additional consideration, interest and repayment are the same as above and on January 23, 2015, the Company issued 86,000 common shares with respect to the additional consideration (Note 9(b)).

Subsequent to the period end, all of the above loans, plus accrued interest, were fully repaid.

#### *Convertible loans payable*

On November 13, 2014, the Company entered into a loan arrangement with Radius Gold Inc. ("Radius") for \$800,000.

The loan is repayable on demand with provision that demand cannot be made for one year. Interest is payable annually at 8% per annum, and at Radius' sole option, interest may be paid by the issuance of common shares of the Company.

Radius has the right at any time during the term of the loan to convert such portion into common shares of the Company to result in Radius holding no greater than 19.9% of the then issued and outstanding shares of the Company at a price of \$0.05. In the event of such conversion election, the balance of the loan would remain due and payable for the remainder of the term.

## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

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### **8. Loans, continued**

#### *Convertible loans payable, continued*

On December 11, 2014, the Company issued 1,350,000 common shares with respect to a finder's fee payable. (Note 9(b)).

As the convertible loan is a compound financial instrument which is convertible at Radius' sole option into a variable number of common shares, the instrument contains both a liability and a derivative liability. The liability, net of issue costs, is being accreted using the effective interest rate method over the term of the convertible loan.

No fair value was recognized with respect to the derivative liability on initial recognition and as at January 31, 2015, as the market price of the Company's common shares was equal to or below the conversion price of \$0.05.

On March 17, 2015, the Company received a notice of conversion from Radius, whereby Radius elected to convert \$300,000 of the convertible loan into common shares of the Company. On March 19, 2015, the Company issued 6,000,000 common shares and repaid the balance of the loan, plus accrued interest, in full.

### **9. Share Capital**

The authorized share capital of the Company consists of an unlimited number of common shares without par value. On September 17, 2014, the Company completed a capital consolidation of its issued and outstanding common shares on a one new share for ten old shares basis. All comparative figures have been adjusted retrospectively.

#### **(a) Equity Financings**

##### *Nine Months ended January 31, 2014*

On September 13, 2013, the Company closed the first tranche of a private placement and issued 683,015 units at a price of \$0.20 per unit for gross proceeds of \$136,603. 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 \$0.50 per share.

The Company also issued 20,000 finders' share purchase warrants exercisable to purchase one common share for a period of three years at an exercise price of \$0.50 per share. The warrants were fair valued at \$8,005 using the Black-Scholes option pricing model (Note 9(e)).

On October 11, 2013, the Company closed the final tranche of a private placement and issued 1,745,000 units at a price of \$0.20 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 \$0.50 per share.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

### 9. Share Capital, continued

#### (a) Equity Financings, continued

The Company also issued 91,750 finders' share purchase warrants exercisable to purchase one common share for a period of three years at an exercise price of \$0.50 per share. The warrants were fair valued at \$9,896 using the Black-Scholes option pricing model (Note 9(e)).

#### (b) Shares Issued for Other Consideration

*Nine months ended January 31, 2015*

On August 5, 2014, in accordance with a shares for services consulting agreement, the Company issued 50,000 common shares valued at \$25,000.

On December 11, 2014, in accordance with a finder's fee agreement, the Company issued 1,350,000 common shares with a fair value of \$67,500 (Note 8).

On January 23, 2015, in accordance with a loan agreement, the Company issued 86,000 common shares with a fair value of \$3,440 (Note 8).

#### (c) 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.

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

Exercise Price	Grant Date Fair Value	Expiry Date	Balance April 30, 2014	Expired	Balance January 31, 2015
\$1.60	\$1.50	January 8, 2015	211,000	211,000	-
\$1.70	\$1.33	November 29, 2015	211,500	100,000	111,500
\$1.70	\$1.13	December 13, 2015	28,500	18,500	10,000
\$1.00	\$0.56	June 5, 2017	35,000	-	35,000
\$1.00	\$0.29	March 14, 2018	687,000	286,800	400,200
\$0.50	\$0.13	March 24, 2019	50,000	-	50,000
			<b>1,223,000</b>	<b>616,300</b>	<b>606,700</b>
Weighted average exercise price			\$1.22	\$1.34	\$1.10
Weighted average remaining life in years			2.90		2.70

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

### 9. Share Capital, continued

#### (d) Share Purchase Warrants

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

Exercise Price	Expiry Date	Balance		Balance
		April 30, 2014	Expired	January 31, 2015
\$1.70	April 23, 2015	680,900	-	680,900
\$3.00	Note 1	25,000	25,000	-
\$4.00	Note 2	25,000	25,000	-
\$1.00	January 31, 2016	845,200	-	845,200
\$1.00	February 28, 2016	787,300	-	787,300
\$0.50	September 13, 2016	703,015	-	703,015
\$0.50	October 11, 2016	1,836,750	-	1,836,750
		<b>4,903,165</b>	<b>50,000</b>	<b>4,853,165</b>
Weighted average exercise price		\$0.86	\$3.50	\$0.84
Weighted average remaining life in years		1.99		1.26

Note 1: Exercisable two years from the date on which FMEC exercises its option to acquire a 51% indirect interest in the Cerro Las Minitas property. Agreement expired September 11, 2014.

Note 2: Exercisable 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. Agreement expired September 11, 2014.

#### (e) Fair Value Determination

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

	2015	2014
Risk-free interest rate	N/A	1.47%
Expected share price volatility	N/A	110.01%
Expected option/warrant life (years)	N/A	3.00
Expected dividend yield	N/A	0.00%

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



## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

### 9. Share Capital, continued

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

The total calculated fair value of share-based payments recognized was as follows:

	2015	2014
Consolidated Statements of Changes in Equity		
Finders' warrants	\$ -	\$ 17,901

### 10. 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, 2015		April 30, 2014	
	\$	%	\$	%
Mexico	2,095,979	100%	1,422,773	100%
USA	-	0%	-	0%
	<b>2,095,979</b>	<b>100%</b>	<b>1,422,773</b>	<b>100%</b>

### 11. Supplemental Cash Flow Information

	2015	2014
Cash items		
Interest received	\$ -	\$ 232
Income tax paid	\$ -	\$ -
Interest paid	\$ -	\$ -

### 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, 2015:

- The Company closed three tranches of a private placement on March 4, March 5 and March 11, 2015, and issued a total of 20,000,000 units at a price of \$0.08 per unit for gross proceeds of \$1,600,000. 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 five years at an exercise price of \$0.08 per share.

## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2015 and 2014

(Expressed in Canadian Dollars, Unaudited)

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

- On March 26, 2015, the Company granted 3,503,500 stock options to directors, officers and consultants exercisable for a period of five years at an exercise price of \$0.08 per share.

In addition, the Company intends to re-price an aggregate amount of 281,700 stock options from exercise prices of \$1.00 and \$1.70 per share to an exercise price of \$0.08 per share.

The granting and re-pricing of stock options are subject to TSX Venture Exchange acceptance.



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**Management's Discussion and Analysis  
For the Nine Months Ended January 31, 2015  
Dated: March 31, 2015**

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# Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2015

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## 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, 2015 and is dated March 31, 2015. This MD&A was prepared to conform to National Instrument 51-102F1 and was approved by the Board of Directors prior to its release. This analysis should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the nine months ended January 31, 2015, and the Company's audited consolidated financial statements for the year ended April 30, 2014, 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](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 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 <sup>(1)</sup>		Conversion Table <sup>(2)</sup>		
	Nine Months ended		Imperial		Metric
	January 31, 2015	2014			
Rate at end of period	1.2711	1.1138	1 acre	=	0.404686 hectares
Average rate for period	1.1175	1.0458	1 foot	=	0.304800 meters
High for period	1.2711	1.1178	1 mile	=	1.609344 kilometres
Low for period	1.0639	1.0033	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, 2015

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

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

(1) Information from [www.bankofcanada.ca](http://www.bankofcanada.ca)

(2) Information from [www.onlineconversion.com](http://www.onlineconversion.com)

### D. Summary of Mineral Properties

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

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

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

#### Cerro Las Minitas - Durango, Mexico

The property is located about 70 kilometres to the northeast of the city of Durango in Durango State, Mexico, and is accessed easily by road. The property comprises 19 concessions totalling approximately 13,700 hectares in one of the most significant silver producing regions in the world with current reserves/resources and historic production in excess of 3 billion ounces of silver.

Since acquisition in 2010, and inclusive of exploration pursuant to an earn-in agreement with Freeport-McMoRan Exploration Corporation ("FMEC") from October 2012 to September 2014, drilling has totaled 23,310 metres in 75 core holes and has resulted in the identification of two high-grade silver-polymetallic deposits, the Blind Zone and El Sol Zone, which have been only partially delineated.

New discoveries have also been made at the North Skarn and South Skarn targets and in extensions to the historic deposits at Mina Santo Nino and Mina La Bocona.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2015

### D. Summary of Mineral Properties, continued

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

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

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

*Select composites from the 2013-2014 drilling programs:*

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	94.95	2.05	1,190.00	0.20	0.04	21.62	12.95	2,119.81
13CLM-066	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	209.70	213.10	3.40	78.00	0.22	0.03	2.30	0.90	178.00
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	591.00	595.50	4.50	115.00	0.01	0.02	2.70	4.20	301.00
inc	594.00	595.50	1.50	238.00	0.02	0.06	5.70	9.10	634.70
13CLM-072	101.00	107.80	6.80	13.00	0.02	0.10	0.20	0.10	22.00
inc	102.50	102.80	0.30	87.00	0.03	0.11	1.90	1.00	176.00
13CLM-073	433.50	433.90	0.40	21.00	0.22	0.70	-	3.40	193.00
13CLM-073	449.60	454.20	4.60	15.00	0.06	0.43	-	-	59.00
13CLM-074	160.50	165.20	4.80	16.00	0.33	0.01	0.70	1.50	91.00
inc	163.90	165.20	1.30	46.00	1.12	0.02	1.80	4.90	284.00
13CLM-074	418.70	423.20	4.80	24.00	0.13	0.51	-	0.10	80.00
13CLM-075	850.80	852.50	1.70	129.00	0.06	0.04	0.20	-	143.00

## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2015

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

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

On September 11, 2014, the Company received notice from FMEC of termination of the earn-in agreement, under which FMEC had incurred expenditures totalling approximately US \$5,500,000 during the earn-in period.

As part of the termination, FMEC assigned to the Company its option to acquire a 100% unencumbered interest in the El Sol Concession at no cost to the Company.

The El Sol Concession comprises 63 hectares, is situated contiguous to the northwest boundary of the Cerro Las Minitas project and covers an 800 metre strike-length of the northwestern projection of the Blind Zone deposit.

The El Sol Concession is in the early stage of exploration with no indicated resource; however, the high grade silver-lead-zinc system in which it lies has showings that have had small production in the past, and strong IP geophysics demonstrate buried intrusive bodies and sulfide mineralization that indicate excellent drill targets.

Aggregate exploration and development work by the Company and FMEC provides the basis for future discoveries and the development of potential Ag-Pb-Zn resources on the property including off-set drilling of the modeled mineralized zones at the Blind Zone and El Sol deposits, further delineation of potential resources at the North Skarn and South Skarn targets, and further testing of the remaining geophysical and geochemical targets on the project.

#### **Minas de Ameca - Jalisco, Mexico**

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, including sale to a third party.

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

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

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

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

**Southern Silver Exploration Corp.**  
(An Exploration Stage Company)  
Management's Discussion and Analysis  
For the Nine Months Ended January 31, 2015

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

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

The property was previously subject to an earn-in agreement with Desert Star Resources Ltd. Notice of termination of this agreement was received on July 8, 2014.

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

**Acquisition Costs**

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.

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

	Mexico		USA		Total
	Cerro Las Minitas	Minas de Ameca	Oro	Dragoon	
	\$	\$	\$	\$	\$
Balance as at April 30, 2013	1,459,225	363,205	1,133,280	103,911	3,059,621
Additions, net	(80,333)	6,405	3,767	14,792	(55,369)
Impairments	-	(369,610)	(1,137,047)	(118,703)	(1,625,360)
Balance as at April 30, 2014	1,378,892	-	-	-	1,378,892
Additions, net	672,727	-	27,190	-	699,917
Impairments	-	-	(27,190)	-	(27,190)
<b>Balance as at January 31, 2015</b>	<b>2,051,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,051,619</b>

**Exploration and Evaluation Expenses**

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.

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



**Southern Silver Exploration Corp.**  
(An Exploration Stage Company)  
Management's Discussion and Analysis  
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**D. Summary of Mineral Properties, continued**

**Exploration and Evaluation Expenses, continued**

	Mexico		USA					
	Cerro Las Minitas		Oro		Dragoon		Total	
	\$	\$	\$	\$	\$	\$	\$	\$
	2015	2014	2015	2014	2015	2014	2015	2014
Assays and geochemistry	14,495	26,647	-	-	-	-	14,495	26,647
Camp, utilities and supplies	7,923	8,764	-	(652)	-	-	7,923	8,112
Drilling	64,172	445,675	-	-	-	-	64,172	445,675
Environmental	249	254	-	-	-	-	249	254
Equipment and field supplies	9,976	15,643	7	37	-	-	9,983	15,680
Geological and geophysics	50,122	175,254	584	1,426	-	-	50,706	176,680
Land fees	72,943	49,001	307	-	-	-	73,250	49,001
Project supervision	118,123	80,973	19,000	2,378	-	2,137	137,123	85,488
Project support	3,447	8,196	-	-	-	-	3,447	8,196
Taxes	196,333	179,964	-	-	-	-	196,333	179,964
Travel	2,757	2,759	-	-	-	-	2,757	2,759
Recoveries	(294,803)	(1,194,769)	-	-	-	-	(294,803)	(1,194,769)
	<b>245,737</b>	<b>(201,639)</b>	<b>19,898</b>	<b>3,189</b>	<b>-</b>	<b>2,137</b>	<b>265,635</b>	<b>(196,313)</b>
General exploration - other							2,624	11,142
							<b>268,259</b>	<b>(185,171)</b>

**E. Results of Operations**

During the nine months ended January 31, 2015, the Company recognized a net loss and comprehensive loss of \$761,740 (2013 - \$786,285).

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

As per the Company's mandate to acquire, explore, and develop mineral resource properties, the Company has continued to invest in its mineral properties subject to available resources. During the current period, the Company received notice of termination of its earn-in agreement with FMEC.

Independent directors' fees decreased as result of a decrease in the number of such directors and the cessation of such fees effective November 1, 2014.

**Southern Silver Exploration Corp.**  
(An Exploration Stage Company)  
Management's Discussion and Analysis  
For the Nine Months Ended January 31, 2015

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**E. Results of Operations, continued**

Additional costs were also incurred during the current period with respect to a consolidation of the Company's outstanding common shares and for preparation of the annual general meeting.

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

During the current period, the Company received a refund of a bond relating to its previously held Tombstone property.

Interest accretion expense was recognized with respect to on-demand and convertible borrowings.

The Company continues to consider prevalent market conditions and the inability to raise sufficient financing to be indicators of impairment and, as a result, recorded an impairment provision against all capitalized costs relating to the Oro property (2014 - Minas de Ameca property).

A summary of variances is as follows:

	2015	2014	Variance	
	\$	\$	\$	%
Administration	60,000	94,500	(34,500)	(37%)
Consulting	128,673	112,005	16,668	15%
Exploration and evaluation, net of recoveries	268,259	(185,171)	453,430	(245%)
Independent directors' fees	6,000	26,008	(20,008)	(77%)
Investor relations	39,012	131,301	(92,289)	(70%)
Office and general	10,791	26,095	(15,304)	(59%)
Professional fees	132,154	172,398	(40,244)	(23%)
Regulatory fees and taxes	10,819	5,128	5,691	111%
Shareholders' communications	3,834	2,485	1,349	54%
Transfer agent	9,549	5,812	3,737	64%
Travel and promotion	3,262	2,126	1,136	53%
Foreign exchange loss	37,376	31,018	(6,358)	(20%)
Interest and other income	(8,909)	(232)	8,677	(3,740%)
Loan interest accretion	33,705	1,802	(31,903)	(1,770%)
Mineral property impairment	27,190	369,010	341,820	93%
Realized gain on sale of marketable securities	(4,975)	-	4,975	-
Reclassification adjustment for realized gain on sale of marketable securities included in net loss	4,975	-	(4,975)	-
Unrealized loss (gain) on marketable securities, net of taxes	25	(8,000)	(8,025)	100%

**F. Summary of Quarterly Results**

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

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2015

### F. Summary of Quarterly Results, continued

	Jan 31, 2015 \$	Oct 31, 2014 \$	July 31, 2014 \$	Apr 30, 2014 \$	Jan 31, 2014 \$	Oct 31, 2013 \$	Jul 31, 2013 \$	Apr 30, 2013 \$
Net loss	457,961	126,702	172,077	1,321,479	170,114	570,446	53,725	476,895
Basic and diluted loss per share	\$ 0.03	\$ 0.01	\$ 0.01	\$ 0.08	\$ 0.01	\$ 0.04	\$ 0.00	\$ 0.03

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

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

During the three months ended October 31, 2014, the Company received notice of termination of its earn-in agreement with FMEC. Significant impairment charges were recognized in the three months ended October 31, 2013 and April 30, 2014.

### G. Related Party Transactions

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

(a) Pursuant to a revised service agreement between the Company and a private company controlled by a director and officer of the Company, with a retrospective effective date of February 1, 2014, the Company was charged as follows:

- \$60,000 (2014 - \$94,500) for office space and general administration services;
- \$39,000 (2014 - \$51,013) for professional services;
- \$10,000 (2014 - \$16,614) for consulting services;
- \$nil (2014 - \$15,550) for investor relations services;
- \$94,000 (2014 - \$32,003) for geological consulting services in relation to mineral properties; and
- \$941 (2014 - \$1,314) for the mark-up on out-of-pocket expenses and office and general.

Amounts payable as at January 31, 2015 were \$219,179 (April 30, 2014 - \$25,577).

(b) Fees in the amount of \$84,240 (2014 - \$84,240) were charged by a director and officer of the Company for consulting services. Amounts payable as at January 31, 2015 were \$182,002 (April 30, 2014 - \$93,551).

(c) Fees in the amount of \$nil (2014 - \$37,356) were charged by a law firm controlled by a director and officer of the Company and included in professional fees, share issue costs and mineral property expenditures. Amounts payable as at January 31, 2015 were \$22,225 (April 30, 2014 - \$22,225).

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**G. Related Party Transactions, continued**

- (d) Fees in the amount of \$nil (2014 - \$2,500) were charged by a private company controlled by a former officer of the Company for consultancy services.
- (e) Fees in the amount of \$9,000 (2014 - \$8,000) were charged by an officer of the Company for consultancy services. Amounts payable as at January 31, 2015 were \$19,500 (April 30, 2014 - \$10,500).
- (f) Fees of \$6,000 (2014 - \$26,008) were payable with respect to independent directors' fees. Such fees ceased to be payable effective November 1, 2014. Accounts payable as at April 30, 2014 were \$55,554).

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, 2015 was \$496,080.

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 as follows:

	2015	2014
Short-term benefits	\$ 99,240	\$ 120,748
Total	\$ 99,240	\$ 120,748

During August 2012, the Company entered into a loan agreement with a private company controlled by a former 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. The Company, in its sole discretion, can elect to repay all interest and loan balances by the issuance of common shares.

On January 20, 2015, the Company entered into a six month loan agreement with a director and officer of the Company with respect to loans advanced during August and September 2014 totalling \$43,000. All terms of additional consideration, interest and repayment are the same as above and on January 23, 2015, the Company issued 86,000 common shares with respect to the additional consideration (Note 9(b)).

Subsequent to the period end, both loans, plus accrued interest, were fully repaid.

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

As at January 31, 2015, the Company had a working capital deficiency of \$1,867,408 (April 30, 2014 - \$576,202). Where possible, the Company has been reducing general and administration costs, 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.

During March 2015, the Company closed a private placement and issued a total of 20,000,000 units at a price of \$0.08 per unit for gross proceeds of \$1,600,000. 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.

#### *Convertible loans payable*

On November 13, 2014, the Company entered into a loan arrangement with Radius Gold Inc. ("Radius") for \$800,000. The loan is repayable on demand with provision that demand cannot be made for one year. Interest is payable annually at 8% per annum, and at Radius' sole option, interest may be paid by the issuance of common shares of the Company.

Radius has the right at any time during the term of the loan to convert such portion into common shares of the Company to result in Radius holding no greater than 19.9% of the then issued and outstanding shares of the Company at a price of \$0.05. In the event of such conversion election, the balance of the loan would remain due and payable for the remainder of the term.

On March 17, 2015, the Company received a notice of conversion from Radius, whereby Radius elected to convert \$300,000 of the convertible loan into common shares of the Company. On March 19, 2015, the Company repaid the balance of the loan, plus accrued interest, in full.

### **I. Outstanding Equity and Convertible Securities**

#### **i) Issued and Outstanding Shares**

On September 17, 2014, the Company completed a capital consolidation of its issued and outstanding common shares on a one new share for ten old shares basis. All comparative figures have been adjusted retrospectively.

As at January 31, 2015, the Company had 18,483,436 common shares issued and outstanding.

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

#### i) Issued and Outstanding Shares, continued

The Company closed three tranches of a private placement on March 4, March 5 and March 11, 2015, and issued a total of 20,000,000 units at a price of \$0.08 per unit for gross proceeds of \$1,600,000. 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 five years at an exercise price of \$0.08 per share.

On March 19, 2015, pursuant to a notice of conversion from Radius, the Company issued 6,000,000 common shares.

As at March 31, 2015, the Company had 44,483,436 common shares issued and outstanding.

#### ii) Stock Options

As at March 31, 2015, the Company had stock options outstanding as follows:

Exercise Price	Expiry Date	Balance		Balance March 31, 2015
		January 31, 2015	Granted	
\$1.70	November 29, 2015	111,500	-	111,500
\$1.70	December 13, 2015	10,000	-	10,000
\$1.00	June 5, 2017	35,000	-	35,000
\$1.00	March 14, 2018	400,200	-	400,200
\$0.50	March 24, 2019	50,000	-	50,000
\$0.08	March 26, 2020	-	3,503,500	3,503,500
		<b>606,700</b>	<b>3,503,500</b>	<b>4,110,200</b>
Weighted average exercise price		\$1.10	\$0.08	\$0.23
Weighted average remaining life in years		2.70		4.63

#### iii) Share Purchase Warrants

As at March 31, 2015, the Company had share purchase warrants outstanding as follows:

Exercise Price	Expiry Date	Balance		Balance March 31, 2015
		January 31, 2015	Issued	
\$1.70	April 23, 2015	680,900	-	680,900
\$1.00	January 31, 2016	845,200	-	845,200
\$1.00	February 28, 2016	787,300	-	787,300
\$0.50	September 13, 2016	703,015	-	703,015
\$0.50	October 11, 2016	1,836,750	-	1,836,750
\$0.08	March 4, 2020	-	2,335,407	2,335,407
\$0.08	March 5, 2020	-	15,884,593	15,884,593
\$0.08	March 11, 2020	-	1,810,000	1,810,000
		<b>4,853,165</b>	<b>20,030,000</b>	<b>24,883,165</b>
Weighted average exercise price		\$0.84	\$0.08	\$0.23
Weighted average remaining life in years		1.26		0.21

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### J. Subsequent Events and Outlook

There are no other material events subsequent to the date of this document. The Company is confident that its existing group of properties has potential warranting continued exploration. Activities over the ensuing year will focus on these assets. The Company expects to continue its strategy of collaborating with experienced mining companies to develop its properties and to advance them to production.

### K. Financial Instruments

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

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

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

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

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

### L. Off-Balance Sheet Arrangements

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

### M. Disclosure Controls and Procedures

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee is composed of three directors, two of whom are independent, who meet at least quarterly with management, and at least annually with the external auditors, to review accounting, internal control, financial reporting and audit matters.

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

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

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

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

### **N. Risks and Uncertainties**

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

#### *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. 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.



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

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.

#### *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.

#### *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.

#### *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.

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

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

#### *Title to Property*

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property 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.

#### *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 and on-going plans to raise equity finance, there are no other new acquisitions or proposed transactions contemplated as at the date of this report.

### **P. Forward-Looking Statements**

Some of the statements contained in this MD&A may be deemed "forward-looking statements."

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

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

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### **P. Forward-Looking Statements, continued**

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

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