

# Southern Silver Closes Transaction to Acquire 100% Interest in the Cerro Las Minitas Silver Project; Closes Three Private Placements for Proceeds of \$14.456 Million

Vancouver, British Columbia--(Newsfile Corp. - September 16, 2020) - **Southern Silver Exploration Corp. (TSXV: SSV) (the "Company" or "Southern Silver")** reported that it has closed the transaction with Electrum Global Holdings L.P. ("Electrum") to acquire Electrum's 60% indirect working interest (for a total 100% interest) in the Cerro Las Minitas project (the "CLM Project") located in Durango, Mexico (the "Transaction"). As consideration for the acquisition, Southern Silver must pay Electrum an aggregate US\$15 million in a combination of cash and common shares, of which US\$5 million and 2,336,590 common shares (valued at US\$1,006,403 which, together with a credit of C\$1,350,000 deposit paid, represents the US\$2,000,000 share equivalent payment) have now been paid. The remaining consideration must be paid on or before:

- March 15, 2021: US\$2 million and common shares equal to US\$2 million (based on the greater of the 20-day volume weighted average trading price of Southern Silver's shares on the TSX Venture Exchange ("VWAP") and the Discounted Market Price (as that term is defined in the policies of the TSX Venture Exchange) of the shares (the "DMP")); and
- September 15, 2021: US\$2 million and common shares equal to US\$2 million (based on the greater of the prior 20-day VWAP and the DMP).

The Company has the option to pay all cash in lieu of shares. To secure above noted payments, the Company has pledged to Electrum the shares representing Electrum's 60% indirect working interest in the CLM Project. Southern Silver has received both shareholder and TSX Venture Exchange approval of the Transaction.

## **Benefits to Southern Silver Shareholders:**

- Simplifies ownership structure of the CLM Project
- Establishes full control over project timeline and removes perceived joint venture discount
- Provides 100% ownership of a premier, polymetallic deposit in Mexico with substantial resource growth potential (with a focus on targeting high grade silver targets)
- 150% increase in attributable resources to current resource of Indicated: 134Mozs AgEq and Inferred: 138Mozs AgEq <sup>(1)</sup>
- Highly accretive to Southern Silver shareholders
- Electrum remains a supportive cornerstone investor
- Southern Silver becomes a more attractive takeover target
- Enhances the market profile of the Company relative to its peer group

Through the Transaction, Southern Silver will acquire an additional **49.9 million ounces silver** and **1.35 billion pounds of combined lead and zinc** to its account based on the current National Instrument 43-101 Mineral Resources estimate of the CLM Project. Additionally, Southern Silver will become more attractive on a corporate level with the Company's market profile being enhanced by having ownership of

one of the larger and highest grade, undeveloped silver projects in the world.

Lawrence Page, Q.C., Southern Silver's President and Director, stated: "*Sole ownership of the CLM Project inclusive of the significant resources developed to date allows us great latitude in developing the Project for substantial resource growth. The Transaction also provides a 150% increase in attributable resources which is highly accretive to Southern Silver shareholders. An extensive diamond drill program will begin within the next two weeks designed to develop previously identified mineralization east of the intrusion for ultimate inclusion into the existing resource calculation.*"

### **Private Placements recently closed:**

- Brokered offering of 50,000,000 subscription receipts at a price of C\$0.20 per subscription receipt for gross proceeds of **C\$10,000,000**. Each subscription receipt has now been 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 C\$0.25 during the first year, increasing to C\$0.30 in year two and to C\$0.35 in year three.
- Non-brokered offering of 19,047,620 subscription receipts at a price of C\$0.21 per subscription receipt for gross proceeds of **C\$4,000,000**. Each subscription receipt has now been 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 C\$0.28 during the first year, increasing to C\$0.33 in year two and to C\$0.38 in year three.
- 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.

### **Cerro Las Minitas Project**

The CLM Project is an advanced exploration stage polymetallic Ag-Pb-Zn-Cu Skarn/CRD project located in southern Durango, Mexico.

The CLM Project as of May 9<sup>th</sup>, 2019 contains a Mineral Resource Estimate, at a 175g/t AgEq cut-off, of<sup>(1)</sup>

- **Indicated - 134Moz AgEq:** 37.5Moz Ag, 40Mlb Cu, 303Mlb Pb and 897Mlb Zn
- **Inferred - 138Moz AgEq:** 45.7Moz Ag, 76Mlb Cu, 253Mlb Pb and 796Mlb Zn

A total of 133 drill holes for 59,000 metres have now been completed on the CLM Project with exploration expenditures of approximately US\$18.5 million equating to exploration discovery costs of approximately C\$0.07 per AgEq ounce to the end of 2019.

Southern Silver has identified a further 10,000 metres in exploration drilling for 2020, targeting specific step-outs from strongly silver-enriched mineral intercepts in the Las Victorias, South Skarn and the Mina La Bocona targets. The targeting is designed to increase the current mineral resource estimate by approximately 30%. The CLM Project remains one of the larger undeveloped silver-lead-zinc projects in the world. It is fully permitted.

### **About Southern Silver Exploration Corp.**

Southern Silver Exploration Corp. is an exploration and development company with a focus on the discovery of world-class mineral deposits. Our specific emphasis is the 100% owned Cerro Las Minitas

silver-lead-zinc project located in the heart of Mexico's Faja de Plata, which hosts multiple world-class mineral deposits such as Penasquito, San Martin, Naica and Pitarrilla. We have assembled a team of highly experienced technical, operational and transactional professionals to support our exploration efforts in developing the Cerro Las Minitas project into a premier, high-grade, silver-lead-zinc mine. The Company engages in the acquisition, exploration and development either directly or through joint-venture relationships in mineral properties in major jurisdictions. Our property portfolio also includes the Oro porphyry copper-gold project located in southern New Mexico, USA.

1. The 2019 Cerro Las Minitas Resource Estimate was prepared following CIM definitions for classification of Mineral Resources. Resources are constrained using mainly geological constraints and approximate 10g/t AgEq grade shells. The block models are comprised of an array of blocks measuring 10m x 2m x 10m, with grades for Au, Ag, Cu, Pb, Zn values interpolated using ID3 weighting. Silver and zinc equivalent values were subsequently calculated from the interpolated block grades. The model is identified at a 175g/t AgEq cut-off, with an indicated resource of 11,102,000 tonnes averaging 105g/t Ag, 0.10g/t Au, 1.2% Pb, 3.7% Zn and 0.16% Cu and an inferred resource of 12,844,000 tonnes averaging 111g/t Ag, 0.07g/t Au, 0.9% Pb, 2.8% Zn and 0.27% Cu. 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 Skarn 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. 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. 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. The current Resource Estimate was prepared by Garth Kirkham, P.Geo. of Kirkham Geosciences Ltd. who is the Independent Qualified Person responsible for presentation and review of the Mineral Resource Estimate. All figures are rounded to reflect the relative accuracy of the estimate and therefore numbers may not appear to add precisely.

Robert Macdonald, MSc. P.Geo, is a Qualified Person as defined by National Instrument 43-101 and supervised directly the collection of the data from the CLM Project that is reported in this disclosure and is responsible for the presentation of the technical information in this disclosure.

### **On behalf of the Board of Directors**

*"Lawrence Page"*

Lawrence Page, Q.C.

President & Director, Southern Silver Exploration Corp.

For further information, please visit Southern Silver's website at [southernsilverexploration.com](http://southernsilverexploration.com) or contact us at 604.641.2759 or by email at [ir@mnxlt.com](mailto:ir@mnxlt.com).

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*economic, market or business conditions. Southern Silver Exploration Corp. does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by applicable law.*



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