



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)

<u>Index</u>	<u>Page</u>
Notice of No Auditor Review	2
Condensed Consolidated Interim Financial Statements	
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)

		Three Months Ended		Nine Months Ended	
		January 31,		January 31,	
	Note	2021	2020	2021	2020
Expenses					
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
		1,515,201	275,920	7,016,867	1,553,481
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)	-
		(421,452)	95,002	(11,829,093)	303,363
Net (Income) Loss and Comprehensive (Income) Loss for the Period		\$ 1,093,749	\$ 370,922	\$ (4,812,226)	\$ 1,856,844
(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
Current Assets			
Cash		\$ 9,387,493	\$ 3,641,600
Taxes and other receivables		26,792	65,352
Prepays		44,105	56,854
		9,458,390	3,763,806
Non-Current Assets			
Mineral properties	5	36,588,928	318,685
Investment in associate	6	-	4,571,121
		36,588,928	4,889,806
		\$ 46,047,318	\$ 8,653,612
Current Liabilities			
Accounts payable and accrued liabilities		\$ 538,650	\$ 276,638
Due to related parties	7	49,310	60,358
Asset acquisition	6	10,222,400	-
		10,810,360	336,996
Equity			
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)
		35,236,958	8,316,616
		\$ 46,047,318	\$ 8,653,612

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				
	Number		Payments	Warrants	Other		
	of Shares	Amount	Reserve	Reserve	Reserve	Deficit	Total
Balance as at April 30, 2019	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)
Balance as at January 31, 2020	129,241,448	\$ 42,742,605	2,535,864	569,256	9,270	\$ (37,444,070)	\$ 8,412,925
Balance as at April 30, 2020	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
Balance as at January 31, 2021	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
Operating Activities		
Net income (loss)	\$ 4,812,226	\$ (1,856,844)
Items not involving cash:		
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)
Changes in non-cash working capital		
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)
Cash Used in Operating Activities	(3,049,618)	(882,579)
Investing Activities		
Mineral property acquisition	(341,697)	(100,238)
Asset acquisition	(7,953,300)	-
Cash Used in Investing Activities	(8,294,997)	(100,238)
Financing Activities		
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)
Cash Provided by Financing Activities	17,065,036	4,496,754
Foreign Exchange Effect on Cash	25,472	(454)
Increase in Cash During the Period	5,745,893	3,513,483
Cash, Beginning of Period	3,641,600	376,439
Cash, End of Period	\$ 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 SSLH
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
Balance as at January 31, 2021	36,031,709	425,019	132,200	36,588,928

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
	1,976,974	-	13,275	9,151	40,846	-	2,031,095	9,151

6. Investment in Associate

Pursuant to an earn-in agreement completed in November 2016, Electrum Global Holdings L.P. ("Electrum") owned 60% of SSHL with the Company owning the remaining 40%. MPS, a wholly-owned subsidiary of SSHL, holds title to the Cerro Las Minitas property. Following the earn-in period, each SSHL 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, SSHL 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 SSHL thereby acquiring control of SSHL. 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 SSHL.

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 SSHL	(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 April 30, 2020	Granted	Exercised	Balance January 31, 2021
\$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
		13,150,166	9,600,000	2,273,500	20,476,666
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 April 30, 2020	Granted	Exercised	Expired	Balance January 31, 2021
\$0.40	August 31, 2020	105,100	-	27,650	77,450	-
\$0.20	August 14, 2023	-	2,750,000	366,572	-	2,383,428
		105,100	2,750,000	394,222	77,450	2,383,428
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 April 30, 2020	Issued	Exercised	Expired	Balance January 31, 2021
\$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
		53,995,275	37,529,809	17,021,663	1,750	74,501,671
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.