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**Condensed Consolidated Interim Financial Statements
Nine Months Ended January 31, 2016 and 2015
(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	7-15

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements of the Company for the nine months ended January 31, 2016 and comparatives for the nine months ended January 31, 2015 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,	
		2016	2015	2016	2015
Expenses					
Administration		\$ 15,000	\$ 60,000	\$ 45,000	\$ 60,000
Consulting		41,361	41,278	125,007	128,673
Exploration and evaluation, net of recoveries	5(d)	790,712	230,656	2,245,978	268,259
Independent directors' fees		-	-	-	6,000
Investor relations		40,495	6,733	100,778	39,012
Office and general		10,584	5,871	25,092	10,791
Professional fees		41,870	60,585	145,459	132,154
Regulatory fees and taxes		13,300	-	22,873	-
Share-based payments	8(e)	7,274	7,589	57,587	10,819
Shareholders' communications		537	1,958	5,302	3,834
Transfer agent		1,882	1,866	8,819	9,549
Travel and promotion		7,275	-	19,157	3,262
		970,290	416,536	2,801,052	672,353
Foreign exchange (gain) loss		(30,768)	17,826	(54,748)	37,376
Interest and other income		-	(8,909)	-	(8,909)
Loan interest accretion		-	32,508	-	33,705
Mineral property impairment	5	-	-	21,477	27,190
Realized gain on sale of marketable securities		-	-	-	(4,975)
		(30,768)	41,425	(33,271)	84,387
Net Loss for the Period		\$ 939,522	\$ 457,961	\$ 2,767,781	\$ 756,740
Other Comprehensive Loss					
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
Net Loss and Comprehensive Loss for the Period		\$ 939,522	\$ 457,961	\$ 2,767,781	\$ 761,740
Attributable to:					
Southern Silver Exploration Corp. equity holders		696,396	457,961	2,365,891	761,740
Non-controlling interests	9	243,126	-	401,890	-
		\$ 939,522	\$ 457,961	\$ 2,767,781	\$ 761,740
Loss per share attributable to Southern Silver					
Exploration Corp. equity holders - basic and diluted		\$ 0.01	\$ 0.03	\$ 0.05	\$ 0.04
Weighted average number of common shares outstanding		54,483,436	17,803,284	52,490,682	17,281,813

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, 2016	April 30, 2015
Current Assets			
Cash		\$ 650,046	\$ 63,149
Taxes and other receivables		10,382	24,192
Prepays	6	92,148	23,803
		752,576	111,144
Non-Current Assets			
Reclamation bonds		40,267	41,073
Mineral properties	5	2,200,910	2,055,487
		2,241,177	2,096,560
		\$ 2,993,753	\$ 2,207,704
Current Liabilities			
Accounts payable and accrued liabilities		\$ 522,409	\$ 430,256
Due to related parties	6	12,328	144,440
		534,737	574,696
Equity			
Share capital	8	31,519,497	30,655,145
Share-based payments reserve		457,299	580,265
Warrants reserve		900,000	800,000
Other reserve		9,270	9,270
Deficit		(32,597,010)	(30,411,672)
Equity attributable to shareholders		289,056	1,633,008
Non-controlling interest	9	2,169,960	-
		2,459,016	1,633,008
		\$ 2,993,753	\$ 2,207,704

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, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based			AOCL	Deficit	Equity	Non-	Total
	Number of Shares	Amount	Payments Reserve	Warrants Reserve	Other Reserve			Attributable to Shareholders	Controlling Interest	
Balance as at April 30, 2014	16,997,436	\$ 29,551,475	\$ 891,522	\$ 66,270	\$ -	\$ 5,000	\$ (29,667,696)	\$ 846,571	\$ -	\$ 846,571
Issued										
Shares for services	50,000	25,000	-	-	-	-	-	25,000	-	25,000
Shares for loan finder	1,350,000	67,500	-	-	-	-	-	67,500	-	67,500
Shares for loan bonus	86,000	3,440	-	-	-	-	-	3,440	-	3,440
Subscriptions received	-	-	-	-	47,800	-	-	47,800	-	47,800
Fair value of options and warrants expired	-	-	(554,246)	-	-	-	554,246	-	-	-
Other comprehensive loss	-	-	-	-	-	(5,000)	-	(5,000)	-	(5,000)
Net loss	-	-	-	-	-	-	(756,740)	(756,740)	-	(756,740)
Balance as at January 31, 2015	18,483,436	29,647,415	337,276	66,270	47,800	-	(29,870,190)	228,571	-	228,571
Balance as at April 30, 2015	44,483,436	\$ 30,655,145	\$ 580,265	\$ 800,000	\$ 9,270	\$ -	\$ (30,411,672)	\$ 1,633,008	\$ -	\$ 1,633,008
Issued										
Private placements	10,000,000	900,000	-	100,000	-	-	-	1,000,000	-	1,000,000
Subsidiary earn-in	-	-	-	-	-	-	-	-	2,571,850	2,571,850
Share issue costs	-	(35,648)	-	-	-	-	-	(35,648)	-	(35,648)
Share-based payments	-	-	57,587	-	-	-	-	57,587	-	57,587
Fair value of options and warrants expired	-	-	(180,553)	-	-	-	180,553	-	-	-
Net loss	-	-	-	-	-	-	(2,365,891)	(2,365,891)	(401,890)	(2,767,781)
Balance as at January 31, 2016	54,483,436	\$ 31,519,497	\$ 457,299	\$ 900,000	\$ 9,270	\$ -	\$ (32,597,010)	\$ 289,056	\$ 2,169,960	\$ 2,459,016

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, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

	2016	2015
Operating Activities		
Net loss	\$ (2,767,781)	\$ (756,740)
Items not involving cash:		
Interest accretion	-	33,705
Mineral property impairment	21,477	27,190
Share-based payments	57,587	-
Realized gain on sale of marketable securities	-	(4,975)
Shares issued for services	-	25,000
Unrealized foreign exchange loss (gain)	55,541	(17,682)
	(2,633,176)	(693,502)
Changes in non-cash working capital		
Taxes and other receivables	13,810	129,523
Prepays	(68,345)	32,324
Accounts payable and accrued liabilities	92,153	17,425
Due to related parties	(132,112)	235,499
	(94,494)	414,771
Cash Used in Operating Activities	(2,727,670)	(278,731)
Investing Activities		
Mineral property (acquisition) recovery	(166,900)	(699,917)
Proceeds on sale of marketable securities	-	15,975
Cash Used in Investing Activities	(166,900)	(683,942)
Financing Activities		
Proceeds from issuance of shares, net	3,536,202	-
Subscriptions received	-	47,800
Loans received, net	-	838,413
Cash Provided by Financing Activities	3,536,202	886,213
Foreign Exchange Effect on Cash	(54,735)	17,203
Increase (Decrease) in Cash During the Period	586,897	(59,257)
Cash, Beginning of Period	63,149	121,247
Cash, End of Period	\$ 650,046	\$ 61,990

Supplemental cash flow information (Note 10)

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, 2016 and 2015

(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, 2016 the Company had working capital of \$217,839 (April 30, 2015 - working capital deficiency of \$463,552). The Company incurred a net loss of \$2,767,781 for the nine months ended January 31, 2016 (2015 - \$756,740) and had an accumulated deficit of \$32,597,010 as at January 31, 2016 (April 30, 2015 - \$30,411,672).

The Company has relied mainly upon the issuance of share capital to finance its activities. The Company will be required to rely on current earn-in agreements and / or issue share capital 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 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* using historical cost, except for cash flow information and financial instruments measured at fair value, and include the financial results of the Company and of the entities controlled by the Company: Southern Silver Holdings Ltd. and Southern Silver Projects Ltd., both incorporated in the British Virgin Islands, Minera Plata del Sur S.A de C.V. and Exploraciones Magistral S.A de C.V., both incorporated in Mexico, and Southern Silver Exploration (US) Corp., incorporated in the United States. All inter-company transactions and balances have been eliminated upon consolidation.

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

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

2. Basis of Preparation, continued

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, 2015.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on March 30, 2016.

3. Summary of Significant Accounting Policies

The same accounting policies are used in the preparation of these condensed consolidated interim financial statements as for the most recent audited annual consolidated financial statements and reflect all the adjustments necessary for fair presentation of the results for the interim periods presented.

4. Financial Instruments

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

The carrying values of accounts payable and accrued liabilities and amounts due to related parties approximate 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.

5. Mineral Properties

Mineral property acquisition costs as at January 31, 2016 were as follows:

	Mexico		USA	
	Cerro Las Minitas	Minas de Ameca	Oro	Total
	\$	\$	\$	\$
Balance as at April 30, 2014	1,378,892	-	-	1,378,892
Additions, net	676,595	-	34,679	711,274
Impairments	-	-	(34,679)	(34,679)
Balance as at April 30, 2015	2,055,487	-	-	2,055,487
Additions, net	145,423	-	21,477	166,900
Impairments	-	-	(21,477)	(21,477)
Balance as at January 31, 2016	2,200,910	-	-	2,200,910

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

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

(a) Cerro Las Minitas - Mexico

The property consists of 18 mineral concessions located in Durango, Mexico.

Pursuant to an agreement dated May 14, 2015, Electrum Global Holdings L.P. has the right to earn an indirect 60% interest in the property by funding exploration and development expenditures of US \$5,000,000 over a maximum four year period through the acquisition of common shares of Southern Silver Holdings Ltd (Note 9).

Pursuant to agreements dated July 7 and July 8, 2015, the Company can acquire certain equipment and one additional mineral concession. Payments are due as follows (excluding applicable local taxes):

- (i) US \$60,000 on signing (paid);
- (ii) US \$40,000 on December 30, 2015 (paid); and
- (iii) US \$100,000 on June 30, 2016 (on condition of optionor providing registered title to the concession).

(b) Minas de Ameca - Mexico

On October 18, 2006, the Company acquired the El Magistral mineral claim in the Ameca region in the State of Jalisco, Mexico located about 80 kilometres west of Guadalajara. The claim is subject to a 1% NSR payable to the Mexican government.

The project previously comprised the El Magistral, Magistral I and San Luis claims. The Company returned Magistral I, which was in default, to the vendors and is continuing efforts to option the remaining claims to a third party. The Company considered these factors to be indicators of impairment and previously recorded an impairment provision against all capitalized costs relating to these claims.

(c) 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 unpatented mining 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 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.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

(c) Oro - New Mexico, USA, continued

Remaining lease payments are due as follows:

- (i) US \$6,000 annually on May 1, 2016 and 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.

The Company continues to assess its planned course of action with respect to the property and has determined this to be an indicator of impairment. Accordingly, an impairment provision was recorded against all capitalized costs relating to these claims.

(d) Exploration and Evaluation Expenses

Exploration and evaluation expenditures incurred for the nine months ended January 31, 2016 and 2015 were as follows:

	Mexico		USA		Total	
	Cerro Las Minitas		Oro			
	\$	\$	\$	\$	\$	\$
	2016	2015	2016	2015	2016	2015
Assays and geochemistry	122,089	14,495	1,406	-	123,495	14,495
Camp, utilities and supplies	85,234	7,923	5,075	-	90,309	7,923
Drilling	1,178,200	64,172	-	-	1,178,200	64,172
Equipment and field supplies	35,195	9,976	-	7	35,195	9,983
Geological and geophysics	65,852	50,371	16,644	584	82,496	50,955
Land fees	49,681	72,943	-	307	49,681	73,250
Project supervision	409,645	118,123	-	19,000	409,645	137,123
Project support	2,767	3,447	6,383	-	9,150	3,447
Taxes	247,653	196,333	-	-	247,653	196,333
Travel	17,215	2,757	-	-	17,215	2,757
Recoveries	-	(294,803)	-	-	-	(294,803)
	2,213,531	245,737	29,508	19,898	2,243,039	265,635
General exploration - other					2,939	2,624
					2,245,978	268,259

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

6. 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, the Company was charged as follows:

- \$45,000 (2015 - \$60,000) for office space and general administration services;
- \$20,250 (2015 - \$39,000) for professional services;
- \$19,768 (2015 - \$10,000) for consulting services;
- \$34,824 (2015 - \$nil) for investor relations services;
- \$113,513 (2015 - \$32,003) for mineral property geological consulting services; and
- \$1,099 (2015 - \$941) for the mark-up on out-of-pocket expenses.

Amounts prepaid as at January 31, 2016 were \$47,260 (April 30, 2015 - \$55,298 amounts payable).

(b) Fees in the amount of \$84,240 (2015 - \$84,240) were charged by a director and officer of the Company for consulting services. Amounts payable as at January 31, 2016 were \$9,828 (April 30, 2015 - \$19,656).

(c) Fees in the amount of \$25,047 (2015 - \$nil) 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, 2016 were \$nil (April 30, 2015 - \$67,486).

(d) Fees in the amount of \$21,000 (2015 - \$9,000) were charged by an officer of the Company for consulting services. Amounts payable as at January 31, 2016 were \$2,500 (April 30, 2015 - \$2,000).

(e) Fees of \$nil (2015 - \$6,000) were payable with respect to independent directors' fees. Such fees ceased to be payable effective November 1, 2014.

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) and (e) above, was as follows:

	2016	2015
Short-term benefits	\$ 105,240	\$ 99,240
Share-based payments	36,534	-
Total	\$ 141,774	\$ 99,240

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

6. Related Party Balances and Transactions, continued

One executive officer is also 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, 2016 was \$383,760.

7. Segmented Information

The Company conducts its business as a single operating segment, being the acquisition and exploration of mineral properties. As at January 31, 2016 and April 30, 2015 the Company's non-current assets were all located in Mexico.

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, 2016

On June 26, 2015, the Company closed a non-brokered private placement by issuing 10,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,000,000.

Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable to purchase one additional common share for a period of five years at an exercise price of \$0.15 per share.

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

(c) Stock Options

On July 29, 2015, the Company granted 1,000,000 stock options to directors, officers and consultants exercisable for a period of five years at an exercise price of \$0.08 per share.

On September 28, 2015, the Company granted 250,000 stock options to a consultant exercisable for a period of five years at an exercise price of \$0.08 per share. These options vest on December 28, 2015 (25%), March 28, 2016 (25%), June 28, 2016 (25%), and September 28, 2016 (25%). As at January 31, 2016, 187,500 options remained unvested.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital, continued

(c) Stock Options, continued

Stock options outstanding and exercisable as at January 31, 2016 were as follows:

Exercise Price	Expiry Date	Balance			Balance January 31, 2016
		April 30, 2015	Granted	Expired	
\$1.70	November 29, 2015	50,000	-	50,000	-
\$0.08	November 29, 2015	61,500	-	61,500	-
\$1.70	December 13, 2015	10,000	-	10,000	-
\$1.00	June 5, 2017	35,000	-	-	35,000
\$1.00	March 14, 2018	180,000	-	30,000	150,000
\$0.08	March 14, 2018	220,200	-	-	220,200
\$0.50	March 24, 2019	50,000	-	-	50,000
\$0.08	March 26, 2020	3,503,500	-	-	3,503,500
\$0.08	July 29, 2020	-	1,000,000	-	1,000,000
\$0.08	September 28, 2020	-	250,000	-	250,000
Options outstanding		4,110,200	1,250,000	151,500	5,208,700
Options exercisable		4,110,200			5,021,200
Weighted average exercise price, outstanding		\$0.16	\$0.08	\$0.90	\$0.12
Weighted average exercise price, exercisable		\$0.16	\$0.08	\$0.90	\$0.12
Weighted average remaining life in years, outstanding		4.55			4.07
Weighted average remaining life in years, exercisable		4.55			3.90

(d) Share Purchase Warrants

Share purchase warrants outstanding as at January 31, 2016 were as follows:

Exercise Price	Expiry Date	Balance			Balance January 31, 2016
		April 30, 2015	Issued	Expired	
\$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
\$0.15	June 26, 2020	-	10,000,000	-	10,000,000
		24,202,265	10,000,000	845,200	33,357,065
Weighted average exercise price		\$0.19	\$0.15	\$1.00	\$0.15
Weighted average remaining life in years		4.22			3.83

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital, continued

(e) Fair Value Determination

The weighted average fair value of stock options granted was \$0.05 (2014 - \$nil). Fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2016
Risk-free interest rate	0.82%
Expected share price volatility	118.78%
Expected option/warrant life (years)	5.00
Expected dividend yield	0.00%

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:

	2016
Consolidated Statements of Comprehensive Loss	
Directors and officers	\$ 36,534
Consultants	21,053
Total	\$ 57,587

9. Non-Controlling Interest

On May 14, 2015, the Company entered into an agreement with Electrum Global Holdings L.P. ("Electrum") for the right to earn an indirect 60% interest in the Cerro Las Minitas property, through the acquisition of common shares of Southern Silver Holdings Ltd. ("SSH"), by funding exploration and development expenditures of US \$5,000,000 over a maximum four year period.

On closing, Electrum contributed US \$500,000 and received a 10.71% interest in SSH. Subsequently, Electrum contributed an additional US \$1,500,000 and now owns a 30.1% interest in SSH.

Electrum has the right to earn an additional 20% by expending US \$1,500,000 in the succeeding 30 months of the option term.

A final 10% interest may be earned by expending an additional US \$1,500,000 during this time period.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

10. Supplemental Cash Flow Information

	2016	2015
Cash items		
Interest received	\$ -	\$ -
Income tax paid	\$ -	\$ -
Interest paid	\$ -	\$ -

11. Events After the Reporting Period

Other than events disclosed elsewhere in these condensed consolidated interim financial statements, the following occurred subsequent to January 31, 2016:

- On February 28, 2016, 787,300 share purchase warrants with an exercise price of \$1.00 per share, expired unexercised.
- On March 4, 2016, the Company closed the first tranche of a non-brokered private placement and issued 7,620,000 units at a price of \$0.05 per unit for gross proceeds of \$381,000.

Each unit consisted of one common share and one common 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.

The Company also issued 96,000 finders' share purchase warrants exercisable to purchase one common share for a period of five years at an exercise price of \$0.08 per share.



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**Management's Discussion and Analysis
For the Nine Months Ended January 31, 2016
Dated: March 30, 2016**

A	Introduction	2
B	Qualified Person	2
C	Foreign Exchange Information and Conversion Tables	2
D	Summary of Mineral Properties	3
E	Results of Operations	7
F	Summary of Quarterly Results	8
G	Related Party Transactions	9
H	Financial Condition, Liquidity and Capital Resources	10
I	Outstanding Equity and Convertible Securities	11
J	Financial Instruments	12
K	Events After the Reporting Period and Outlook	12
L	Off-balance Sheet Arrangements	12
M	Disclosure Controls and Procedures	12
N	Risks and Uncertainties	13
O	Proposed Transactions	15
P	Forward-Looking Statements	15

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2016

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, 2016 and is dated March 30, 2016. This MD&A was prepared to conform to National Instrument ("NI") 51-102F1 and was approved by the Board of Directors prior to its release. This analysis should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the nine months ended January 31, 2016, and the Company's audited consolidated financial statements for the year ended April 30, 2015, and the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

The Company's functional and reporting currency is the Canadian dollar and all dollar amounts included herein are in Canadian dollars, unless otherwise indicated.

Additional information relating to the Company, including detailed drill results previously disclosed in news releases, is available on the Company's website at www.southernsilverexploration.com and on SEDAR at www.sedar.com.

B. Qualified Person

Robert W. J. Macdonald, P. Geo., is the qualified person under National Instrument 43-101 responsible for the technical information included in this MD&A and the supervision of work done in association with the exploration and development programs. Mr. Macdonald graduated with a B.Sc. degree from Memorial University of Newfoundland and a M.Sc. from the University of British Columbia. His work has focused on vein and intrusive-related gold systems and massive sulfide deposits.

C. Foreign Exchange Information and Conversion Tables

For ease of reference, the following information is provided:

Canadian Dollars per US Dollar ⁽¹⁾			Conversion Table ⁽²⁾		
	Nine Months ended				
	January 31, 2016	2015	Imperial		Metric
Rate at end of period	1.4006	1.2711	1 acre	=	0.404686 hectares
Average rate for period	1.3114	1.1175	1 foot	=	0.304800 meters
High for period	1.4559	1.2711	1 mile	=	1.609344 kilometres
Low for period	1.1967	1.0639	1 ton	=	0.907185 tonnes
			1 Ounce (troy)/ton	=	34.285700 g/t

(1) www.bankofcanada.ca (2) www.onlineconversion.com

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2016

C. Foreign Exchange Information and Conversion Tables, continued

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

D. Summary of Mineral Properties

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

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

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 18 concessions totalling approximately 13,700 hectares in one of the most significant silver producing regions in the world.

Since acquisition, drilling has identified three high-grade silver-polymetallic deposits, the Blind Zone and El Sol zones and several 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. 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).

On May 14, 2015, the Company granted Electrum Global Holdings L.P. ("Electrum") the right to earn an indirect 60% interest in the property by funding exploration and development expenditures of US \$5,000,000 over a maximum 48 month period. To date, Electrum has contributed US \$2,000,000 and earned an indirect 30.1% interest in the property.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2016

D. Summary of Mineral Properties, continued

During 2015, approximately 9,000 metres of drilling were completed in 11 new core holes and three extensions of earlier holes. The program has added new areas of high-grade mineralization to the results of earlier exploration. A total of 32,719 metres of drilling in 86 core holes have now been completed on the property.

On March 21, 2016, the Company released an initial NI 43-101 resource for the property of 10.8Mozs Ag, 189Mlbs Pb and 207Mlbs Zn (36.5Mozs AgEq) Indicated and 17.5Mozs Ag, 237Mlbs Pb and 626Mlbs Zn (77.3Mozs AgEq) Inferred.

Table 1: Base-case Mineral Resource Estimate utilizing a 150g/t AgEq cut-off value

Indicated													
Zone	Tonnes (Kt)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)	AgEq (g/t)	Ag (ozs*1000)	Au (ozs*1000)	Pb (Mlbs)	Zn (Mlbs)	Cu (Mlbs)	AgEq (Oz) (000's)
Blind Zone	2,641	99	0.07	2.4	2.1	0.10	303	8,442	5.7	139.4	123.3	5.6	25,720
El Sol Zone	1,083	69	0.02	2.1	3.5	0.09	311	2,392	0.6	49.8	83.6	2.0	10,812
Total	3,724	90	0.05	2.3	2.5	0.09	305	10,834	6.3	189.2	206.9	8	36,532
Inferred													
Zone	Tonnes (Kt)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)	AgEq (g/t)	Ag (ozs*1000)	Au (ozs*1000)	Pb (Mlbs)	Zn (Mlbs)	Cu (Mlbs)	AgEq (Oz) (000's)
Blind Zone	2,863	91	0.28	1.6	3.9	0.21	364	8,370	25.9	98.0	249.0	13.1	33,498
El Sol Zone	2,909	71	0.09	1.9	4.1	0.11	339	6,594	8.6	121.8	264.4	7.2	31,719
Santo Nino Zone	839	95	0.03	0.9	6.1	0.47	446	2,568	0.8	17.5	113.0	8.6	12,036
Total	6,611	82	0.17	1.6	4.3	0.20	363	17,533	35.4	237.3	626.4	29.0	77,252

The 150g/t AgEq cut-off value was calculated using average long-term prices of \$15/oz. silver, \$1,100/oz. gold, \$2.75/lb. Copper, \$0.90/lb. lead and \$0.90/lb. zinc and metal recoveries of 82% silver, 86% lead and 80% zinc. All prices are stated in \$US.

Table 2: Summary of Mineral Resources at the Cerro Las Minitas Project, Durango State, Mexico

	Tonnes (Kt)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)	AgEq (g/t)	Ag (Oz) (000's)	Au (Oz) (000's)	Pb (Mlbs)	Zn (Mlbs)	Cu (Mlbs)	AgEq (Oz) (000's)
100g/t AgEq Cut-off													
Indicated	5,499	74	0.06	1.9	2.0	0.08	247	13,060	10.1	225.8	241.8	9.8	43,635
Inferred	7,958	75	0.14	1.5	3.7	0.19	322	19,170	36.9	258.3	650.2	33.1	82,448
150g/t AgEq Cut-Off													
Indicated	3,724	90	0.05	2.3	2.5	0.09	305	10,834	6.3	189.2	206.9	7.7	36,532
Inferred	6,611	82	0.17	1.6	4.3	0.20	363	17,533	35.4	237.3	626.4	29.0	77,252
250g/t AgEq Cut-Off													
Indicated	1,658	125	0.04	3.4	4.0	0.14	452	6,686	2.3	124.6	146.8	5.1	24,072
Inferred	4,434	98	0.17	1.9	5.5	0.25	446	13,962	24.3	182.9	539.9	24.7	63,642
350g/t AgEq Cut-Off													
Indicated	1,086	143	0.05	4.0	5.0	0.16	536	4,997	1.6	95.7	119.2	3.9	18,724
Inferred	2,692	120	0.13	2.1	7.0	0.31	543	10,378	11.0	126.3	414.1	18.5	47,002
450g/t AgEq Cut-Off													
Indicated	641	169	0.05	4.9	5.7	0.16	630	3,477	1.0	69.5	80.9	2.3	12,995
Inferred	1,909	131	0.12	2.3	7.9	0.37	605	8,021	7.4	95.2	333.6	15.4	37,112

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2016

D. Summary of Mineral Properties, continued

Notes:

1. *The current Resource Estimate was prepared by Garth Kirkham, P.Geo., of Kirkham Geosystems Ltd.*
2. *CIM definitions were followed for classification of Mineral Resources*
3. *Mineral resources were constrained using mainly geological constraints and approximate 10g/t AgEq grade shells*
4. *Mineral Resources were estimated using a long-term prices of prices of \$15/oz. silver, \$1,100/oz. gold, \$2.75/lb Cu, \$0.90/lb lead and \$0.90/lb zinc and metal recoveries of 82% silver, 86% lead and 80% zinc. All prices are stated in \$USD.*

Compilation and analysis of the 2015 results continues toward planning of the 2016 exploration program on the property, priorities of which include:

- drill testing the down dip and the southeastern extensions of the Blind and El Sol mineralized zones;
- further extension and delineation of high-grade, precious-metal enriched mineralization at the Mina La Bocona target on the eastern side of the Central Intrusion; and
- the identification of new discoveries throughout the district-wide property package.

Encouraging results of preliminary metallurgical testing were also reported from the Blind - El Sol Zone. Testing was done on a composite of ten samples taken from the high-grade dump at the La Lupita shaft. The head analyses of the composite returned 225g/t Ag, 0.06g/t Au, 0.11% Cu, 6.6%Pb and 5.4% Zn. Both lead and zinc concentrates were produced via batch flotation with the following results:

- Approximately 82% of the silver, 86% of the lead and 12% of the zinc was recovered into the lead rougher concentrate assaying 2000ppm Ag, 61.5% Pb and 7.2% Zn. The concentrate was later upgraded to 2300ppm Ag and 71.1% Pb, and
- Subsequent zinc flotation recovered 79% of the zinc into a rougher concentrate at a grade of 39.5% Zn. Two-stage cleaning of the concentrate increased the grade to 49.7% Zn.

These preliminary results are significant in that two separate, high-grade concentrates were produced from mined material from the Blind Zone. Additional test-work is recommended utilizing different reagents in order to further upgrade the final concentrates. Samples charges of the composite have been retained and this work will be completed after the next phase of exploration on the property.

Minas de Ameca - Jalisco, Mexico

The Minas de Ameca project, located about 80 kilometres west of Guadalajara, previously comprised the El Magistral, Magistral I and San Luis claims. The Company returned Magistral I, which was in default, to the vendors and is continuing efforts to option the remaining claims 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.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2016

D. Summary of Mineral Properties, continued

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.

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

Mineral property acquisition costs are capitalized, net of recoveries. Mineral property acquisition costs as at January 31, 2016 were as follows:

	Mexico		USA	
	Cerro Las Minitas \$	Minas de Ameca \$	Oro \$	Total \$
Balance as at April 30, 2014	1,378,892	-	-	1,378,892
Additions, net	676,595	-	34,679	711,274
Impairments	-	-	(34,679)	(34,679)
Balance as at April 30, 2015	2,055,487	-	-	2,055,487
Additions, net	145,423	-	21,477	166,900
Impairments	-	-	(21,477)	(21,477)
Balance as at January 31, 2016	2,200,910	-	-	2,200,910

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2016

D. Summary of Mineral Properties, continued

Exploration and Evaluation Expenses

Exploration and evaluation expenditures are expensed as incurred. Exploration and evaluation expenditures incurred for the nine months ended January 31, 2016 and 2015 were as follows:

	Mexico		USA		Total	
	Cerro Las Minitas		Oro			
	\$	\$	\$	\$	\$	\$
	2016	2015	2016	2015	2016	2015
Assays and geochemistry	122,089	14,495	1,406	-	123,495	14,495
Camp, utilities and supplies	85,234	7,923	5,075	-	90,309	7,923
Drilling	1,178,200	64,172	-	-	1,178,200	64,172
Equipment and field supplies	35,195	9,976	-	7	35,195	9,983
Geological and geophysics	65,852	50,371	16,644	584	82,496	50,955
Land fees	49,681	72,943	-	307	49,681	73,250
Project supervision	409,645	118,123	-	19,000	409,645	137,123
Project support	2,767	3,447	6,383	-	9,150	3,447
Taxes	247,653	196,333	-	-	247,653	196,333
Travel	17,215	2,757	-	-	17,215	2,757
Recoveries	-	(294,803)	-	-	-	(294,803)
	2,213,531	245,737	29,508	19,898	2,243,039	265,635
General exploration - other					2,939	2,624
					2,245,978	268,259

E. Results of Operations

During the nine months ended January 31, 2016 the Company recognized a net loss and comprehensive loss of \$2,767,781 (2015 - \$761,740).

Fluctuations in administration, investor relations, office and general and professional fees arose partly 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, and pursuant to an earn-in agreement with Electrum, the Company, as operator, completed a 9,000 metre drill and surface geochemistry program on the Cerro Las Minitas property (*D - Summary of Mineral Properties*). During the previous period, the Company recovered exploration costs incurred under an earn-in agreement which was terminated during the three months ended October 31, 2014.

Independent directors' fees decreased as result of the cessation of such fee arrangements effective November 1, 2014.

Investor relations and travel and promotion costs also increased due to the appointment of an investor relations consultant and increased activity associated with on-going finance initiatives.

Southern Silver Exploration Corp.
(An Exploration Stage Company)
Management's Discussion and Analysis
For the Nine Months Ended January 31, 2016

E. Results of Operations, continued

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

Foreign exchange gains and losses fluctuate based on the US and Canadian dollar exchange rate and the extent of transactions and balances denominated in US dollars.

During the previous period, the Company received a refund of a bond relating to a previously held property and recognized interest accretion expense with respect to on-demand and convertible borrowings.

The Company continues to assess its planned course of action with respect to non-core properties and has determined that there are certain indicators of impairment and, as a result, recorded an impairment provision against all capitalized costs relating to the Oro property.

A summary of variances is as follows:

	2015	2014	Variance	
	\$	\$	\$	%
Administration	45,000	60,000	(15,000)	(25%)
Consulting	125,007	128,673	(3,666)	(3%)
Exploration and evaluation, net of recoveries	2,245,978	268,259	1,977,719	737%
Independent directors' fees	-	6,000	(6,000)	(100%)
Investor relations	100,778	39,012	61,766	158%
Office and general	25,092	10,791	14,301	133%
Professional fees	145,459	132,154	13,305	10%
Regulatory fees and taxes	22,873	10,819	12,054	111%
Share-based payments	57,587	-	57,587	-
Shareholders' communications	5,302	3,834	1,468	38%
Transfer agent	8,819	9,549	(730)	(8%)
Travel and promotion	19,157	3,262	15,895	487%
Foreign exchange (gain) loss	(54,748)	37,376	(92,124)	(246%)
Interest and other income	-	(8,909)	8,909	(100%)
Loan interest accretion	-	33,705	(33,705)	(100%)
Mineral property impairment	21,477	27,190	(5,713)	(21%)
Realized gain on sale of marketable securities	-	(4,975)	4,975	(100%)
Reclassification adjustment for realized gain on sale of marketable securities included in net loss	-	4,975	(4,975)	(100%)
Unrealized loss (gain) on marketable securities, net of taxes	-	25	(25)	(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, 2016

F. Summary of Quarterly Results, continued

	Jan 31, 2016 \$	Oct 31, 2015 \$	Jul 31, 2015 \$	Apr 30, 2015 \$	Jan 31, 2015 \$	Oct 31, 2014 \$	Jul 31, 2014 \$	Apr 30, 2014 \$
Net loss	939,522	1,287,456	540,803	613,032	457,961	126,702	172,077	1,321,479
Basic and diluted loss per share	\$ 0.02	\$ 0.02	\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.01	\$ 0.01	\$ 0.08

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 service 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.

The Company previously recovered exploration costs incurred under an earn-in agreement which was terminated during the three months ended October 31, 2014. Significant impairment charges were recognized in the three months ended April 30, 2014 related to the Company's non-core properties.

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, the Company was charged as follows:

- \$45,000 (2015 - \$60,000) for office space and general administration services;
- \$20,250 (2015 - \$39,000) for professional services;
- \$19,768 (2015 - \$10,000) for consulting services;
- \$34,824 (2015 - \$nil) for investor relations services;
- \$113,513 (2015 - \$32,003) for mineral property geological consulting services; and
- \$1,099 (2015 - \$941) for the mark-up on out-of-pocket expenses.

Amounts prepaid as at January 31, 2016 were \$47,260 (April 30, 2015 - \$55,298 amounts payable).

(b) Fees in the amount of \$84,240 (2015 - \$84,240) were charged by a director and officer of the Company for consulting services. Amounts payable as at January 31, 2016 were \$9,828 (April 30, 2015 - \$19,656).

(c) Fees in the amount of \$25,047 (2015 - \$nil) 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, 2016 were \$nil (April 30, 2015 - \$67,486).

(d) Fees in the amount of \$21,000 (2015 - \$9,000) were charged by an officer of the Company for consulting services. Amounts payable as at January 31, 2016 were \$2,500 (April 30, 2015 - \$2,000).

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2016

G. Related Party Transactions, continued

- (e) Fees of \$nil (2015 - \$6,000) were payable with respect to independent directors' fees. Such fees ceased to be payable effective November 1, 2014.

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) and (e) above, was as follows:

	2016	2015
Short-term benefits	\$ 105,240	\$ 99,240
Share-based payments	36,534	-
Total	\$ 141,774	\$ 99,240

One executive officer is also 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, 2016 was \$383,760.

H. Financial Condition, Liquidity and Capital Resources

As at January 31, 2016 the Company had working capital of \$217,839 (April 30, 2015 - working capital deficiency of \$463,552).

However, the Company does not yet generate any revenue from operations and, for the foreseeable future, the Company will need to rely upon current earn-in agreements and / or issue share capital to finance future exploration and administrative activities.

Although the Company has been successful in its financing initiatives, there can be no assurance that the Company will be able to obtain adequate future financing. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with a possible loss of some properties and reduction or termination of operations.

Equity financing

On March 4, 2016, the Company closed the first tranche of a non-brokered private placement and issued 7,620,000 units at a price of \$0.05 per unit for gross proceeds of \$381,000. Each unit consisted of one common share and one common 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. Proceeds received will mainly be utilized towards claim maintenance fees, exploration expenses and working capital.

Southern Silver Exploration Corp.
(An Exploration Stage Company)
Management's Discussion and Analysis
For the Nine Months Ended January 31, 2016

I. Outstanding Equity and Convertible Securities

i) Issued and Outstanding Shares

As at March 30, 2016, the Company had 62,103,436 common shares issued and outstanding.

ii) Stock Options

Stock options outstanding and exercisable as at March 30, 2016 were as follows:

Exercise Price	Expiry Date	Balance	
		January 31, 2016	March 30, 2016
\$1.00	June 5, 2017	35,000	35,000
\$1.00	March 14, 2018	150,000	150,000
\$0.08	March 14, 2018	220,200	220,200
\$0.50	March 24, 2019	50,000	50,000
\$0.08	March 26, 2020	3,503,500	3,503,500
\$0.08	July 29, 2020	1,000,000	1,000,000
\$0.08	September 28, 2020	250,000	250,000
Options outstanding		5,208,700	5,208,700
Options exercisable		5,021,200	5,083,700
Weighted average exercise price, outstanding		\$0.12	\$0.12
Weighted average exercise price, exercisable		\$0.12	\$0.12
Weighted average remaining life in years, outstanding		4.07	3.91
Weighted average remaining life in years, exercisable		3.90	3.89

iii) Share Purchase Warrants

Share purchase warrants outstanding as at March 30, 2016 were as follows:

Exercise Price	Expiry Date	Balance			Balance March 30, 2016
		January 31, 2016	Issued	Expired	
\$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
\$0.15	June 26, 2020	10,000,000	-	-	10,000,000
\$0.08	March 4, 2021	-	7,716,000	-	7,716,000
		33,357,065	7,716,000	787,300	40,285,765
Weighted average exercise price		\$0.15	\$0.08	\$1.00	\$0.12
Weighted average remaining life in years		3.83			3.99

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2016

J. Financial Instruments

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

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

Financial Instrument	Category	Carrying Value
Cash	FVTPL	Fair Value
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

The carrying values of accounts payable and accrued liabilities and due to related parties approximate 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.

K. Events After the Reporting Period and Outlook

There are no other material events subsequent to the date of this document. The Company is continuing to explore its core property and activities over the ensuing year will focus on this. The Company expects to continue its strategy of collaborating with experienced mining companies to acquire and develop other properties and to advance them to production.

L. Off-Balance Sheet Arrangements

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

M. Disclosure Controls and Procedures

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The Audit Committee is composed of three directors, two of whom are independent, who meet at least quarterly with management, and at least annually with the external auditors, to review accounting, internal control, financial reporting and audit matters.

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

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2016

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. Therefore, it may not have sufficient financial resources to undertake, by itself, all of its planned exploration and administrative activities.

Historically, the Company has relied mainly upon the issuance of share capital to finance its activities.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2016

N. Risks and Uncertainties, continued

In the future, the Company will be required to rely on current earn-in agreements and / or issue share capital to finance future exploration and administrative activities, which may result in dilution to existing shareholders.

Furthermore, the amount of additional funds required may not be available under favorable terms, if at all. 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

Securities markets in Canada and elsewhere continue to experience a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly. If an active market does not develop, the liquidity of the investment may be limited and the market price of such securities may decline below the subscription price.

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.

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.

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2016

N. Risks and Uncertainties, continued

Competition

The resource industry is intensively competitive in all of its phases, and the Company competes with many other companies possessing much greater financial and technical resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped properties.

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

Title to Property

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers, aboriginal land claims or government expropriation and title may be affected by undetected defects.

Licenses and Permits

The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations for work in progress and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

O. Proposed Transactions

Other than normal course review of monthly submittals, there are no other new acquisitions or proposed transactions contemplated as at the date of this report.

P. Forward-Looking Statements

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

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

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2016

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.