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**Condensed Consolidated Interim Financial Statements  
Nine Months Ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)**

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## **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed consolidated interim financial statements of the Company for the nine months ended January 31, 2018 and comparatives for the nine months ended January 31, 2017 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, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

	Note	Three Months Ended January 31,		Nine Months Ended January 31,	
		2018	2017	2018	2017
<b>Expenses</b>					
Administration	7	\$ 15,000	\$ 15,000	\$ 45,000	\$ 45,000
Consulting	7	53,590	39,528	161,618	129,386
Exploration and evaluation	5 & 7	88,003	32,473	346,162	953,362
Investor relations	7	123,122	86,264	444,468	286,113
Office and general	7	6,715	12,121	30,188	31,733
Professional fees	7	16,942	18,371	120,450	135,115
Regulatory fees and taxes		499	14,185	24,344	33,299
Share-based payments	8	-	4,638	804,078	407,839
Shareholders' communications		2,045	1,787	12,997	12,574
Transfer agent		1,656	2,394	8,571	30,826
Travel and promotion		-	361	20,928	1,187
		<b>307,572</b>	<b>227,122</b>	<b>2,018,804</b>	<b>2,066,434</b>
<b>Foreign exchange (gain) loss</b>		(962)	64,588	34,825	27,913
<b>Gain on loss of control of subsidiary</b>	6	-	(333,794)	-	(333,794)
<b>Other income</b>		(5,509)	-	(5,509)	-
<b>Share of loss in equity accounted investment</b>	6	171,816	264,249	809,838	264,249
		<b>165,345</b>	<b>(4,957)</b>	<b>839,154</b>	<b>(41,632)</b>
<b>Net Loss and Comprehensive Loss for the Period</b>		<b>\$ 472,917</b>	<b>\$ 222,165</b>	<b>\$ 2,857,958</b>	<b>\$ 2,024,802</b>
<b>Attributable to:</b>					
Equity holders		\$ 472,917	\$ 222,165	\$ 2,857,958	\$ 1,800,550
Non-controlling interest		-	-	-	224,252
		<b>\$ 472,917</b>	<b>\$ 222,165</b>	<b>\$ 2,857,958</b>	<b>\$ 2,024,802</b>
Loss per share attributable to equity holders - basic and diluted		\$ 0.00	\$ 0.00	\$ 0.03	\$ 0.02
Weighted average number of common shares outstanding		96,371,448	83,816,252	93,988,613	80,775,677

*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, 2018	April 30, 2017
<b>Current Assets</b>			
Cash	9	\$ 2,993,848	\$ 2,401,026
Taxes and other receivables		82,520	29,528
Prepays		16,444	59,981
		<b>3,092,812</b>	<b>2,490,535</b>
<b>Non-Current Assets</b>			
Reclamation bonds		36,773	31,067
Mineral properties	5	126,166	59,753
Investment in associate	6	4,607,254	4,043,938
		<b>4,770,193</b>	<b>4,134,758</b>
		<b>\$ 7,863,005</b>	<b>\$ 6,625,293</b>
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 254,818	\$ 275,833
Due to related parties	7	60,222	76,774
		<b>315,040</b>	<b>352,607</b>
<b>Equity</b>			
Share capital	8	37,578,399	34,258,500
Share-based payments reserve		1,630,013	836,198
Warrants reserve		931,156	931,156
Other reserve		9,270	9,270
Deficit		(32,600,873)	(29,762,438)
		<b>7,547,965</b>	<b>6,272,686</b>
		<b>\$ 7,863,005</b>	<b>\$ 6,625,293</b>

Approved on behalf of the Board

"Lawrence Page"

Lawrence Page, Q.C.

"Eugene Spiering"

Eugene Spiering

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

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity

Nine Months Ended January 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based				Equity	Non-	
	Number	Amount	Payments	Warrants	Other	Deficit	Attributable to	Controlling	Total
	of Shares		Reserve	Reserve	Reserve		Equity Holders	Interest	
<b>Balance as at April 30, 2016</b>	<b>66,675,936</b>	<b>\$ 31,974,567</b>	<b>\$ 599,601</b>	<b>\$ 1,016,000</b>	<b>\$ 999,495</b>	<b>\$ (27,373,083)</b>	<b>\$ 7,216,580</b>	<b>\$ (3,693,949)</b>	<b>\$ 3,522,631</b>
Issued									
Private placements	11,000,000	1,100,000	-	-	-	-	1,100,000	-	1,100,000
Exercise of options and warrants	6,425,512	629,811	-	-	-	-	629,811	-	629,811
Proceeds received on account of earn-in	-	-	-	-	393,420	-	393,420	-	393,420
Share issue costs	-	(69,937)	18,550	-	-	-	(51,387)	-	(51,387)
Share-based payments	-	-	407,839	-	-	-	407,839	-	407,839
Fair value of options and warrants exercised	-	204,182	(140,538)	(63,644)	-	-	-	-	-
Fair value of warrants expired	-	-	(17,886)	-	-	17,886	-	-	-
Net loss	-	-	-	-	-	(1,800,550)	(1,800,550)	(224,252)	(2,024,802)
Adjustment on loss of control of subsidiary	-	-	-	-	(1,383,645)	-	(1,383,645)	3,918,201	2,534,556
<b>Balance as at January 31, 2017</b>	<b>84,101,448</b>	<b>33,838,623</b>	<b>867,566</b>	<b>952,356</b>	<b>9,270</b>	<b>(29,155,747)</b>	<b>6,512,068</b>	<b>-</b>	<b>6,512,068</b>
<b>Balance as at April 30, 2017</b>	<b>87,174,448</b>	<b>\$ 34,258,500</b>	<b>\$ 836,198</b>	<b>\$ 931,156</b>	<b>\$ 9,270</b>	<b>\$ (29,762,438)</b>	<b>\$ 6,272,686</b>	<b>\$ -</b>	<b>\$ 6,272,686</b>
Issued									
Private placements	8,797,000	3,518,800	-	-	-	-	3,518,800	-	3,518,800
Exercise of options	400,000	32,000	-	-	-	-	32,000	-	32,000
Share issue costs	-	(255,447)	33,806	-	-	-	(221,641)	-	(221,641)
Share-based payments	-	-	804,078	-	-	-	804,078	-	804,078
Fair value of options exercised	-	24,546	(24,546)	-	-	-	-	-	-
Fair value of warrants expired	-	-	(19,523)	-	-	19,523	-	-	-
Net loss	-	-	-	-	-	(2,857,958)	(2,857,958)	-	(2,857,958)
<b>Balance as at January 31, 2018</b>	<b>96,371,448</b>	<b>\$ 37,578,399</b>	<b>\$ 1,630,013</b>	<b>\$ 931,156</b>	<b>\$ 9,270</b>	<b>\$ (32,600,873)</b>	<b>\$ 7,547,965</b>	<b>\$ -</b>	<b>\$ 7,547,965</b>

*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, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

	2018	2017
<b>Operating Activities</b>		
Net loss	\$ (2,857,958)	\$ (2,024,802)
<b>Items not involving cash:</b>		
Gain on loss of control of subsidiary	-	(333,794)
Share of loss in equity investment	809,838	264,249
Share-based payments	804,078	407,839
Unrealized foreign exchange loss	83,470	31,101
	(1,160,572)	(1,655,407)
<b>Changes in non-cash working capital</b>		
Taxes and other receivables	(52,992)	288
Prepays	43,537	(25,887)
Accounts payable and accrued liabilities	(21,015)	(208,665)
Due to related parties	(16,552)	68,398
	(47,022)	(165,866)
<b>Cash Used in Operating Activities</b>	(1,207,594)	(1,821,273)
<b>Investing Activities</b>		
Mineral property acquisition	(66,413)	(188,783)
Reclamation bond	-	(29,631)
Net outflow arising on deconsolidation of subsidiary	-	(153,989)
<b>Cash Used in Investing Activities</b>	(66,413)	(372,403)
<b>Financing Activities</b>		
Proceeds from share issuance, net	3,329,159	1,678,424
Advances (to) from associate, net	(1,373,154)	1,463,452
Proceeds received on account of earn-in	-	393,420
<b>Cash Provided by Financing Activities</b>	1,956,005	3,535,296
<b>Foreign Exchange Effect on Cash</b>	(89,176)	(30,244)
<b>Increase in Cash During the Period</b>	592,822	1,311,376
<b>Cash, Beginning of Period</b>	2,401,026	1,738,352
<b>Cash, End of Period</b>	\$ 2,993,848	\$ 3,049,728

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, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

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### 1. Nature of Operations and Going Concern

Southern Silver Exploration Corp. (the "Company") is an exploration stage company incorporated under the laws of British Columbia, Canada. The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third party option and/or joint venture agreements. The Company's registered office is 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect present or future value.

These condensed consolidated interim financial statements were prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at January 31, 2018 the Company had working capital of \$2,777,772 (April 30, 2017 - \$2,137,928). The Company incurred a net loss of \$2,857,958 for the nine months ended January 31, 2018 (2017 - \$2,024,802) and had an accumulated deficit of \$32,600,873 as at January 31, 2018 (April 30, 2017 - \$29,762,438).

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 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. Such adjustment could be material.

### 2. Basis of Preparation and Consolidation

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standards 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 - 40% owned by the Company
Minera Plata del Sur S.A de C.V. ("MPS")	Mexico	Mineral exploration - 100% owned by SSHL
Southern Silver Projects Limited ("SSPL")	British Virgin Islands	Holding company - 100% owned by the Company
Exploraciones Magistral S.A de C.V.	Mexico	Mineral exploration - 100% owned by SSPL
Southern Silver Exploration Corp. (US)	United States of America	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, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

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### 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, 2017.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on March 27, 2018.

### 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

Financial instruments with carrying values that approximate fair values due to the short period to maturity include cash, accounts payable and accrued liabilities and amounts due to related parties. Reclamation bonds are non-interest-bearing, have no maturity date and carrying values approximate fair value.

### 5. Mineral Properties

Mineral property acquisition costs as at January 31, 2018 were as follows:

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	<b>Cerro Las Minitas</b>	<b>Minas de Ameca</b>	<b>Oro</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at April 30, 2016	2,200,910	-	-	2,200,910
Additions, net	132,860	-	59,753	192,613
Adjustment on deconsolidation	(2,333,770)	-	-	(2,333,770)
Balance as at April 30, 2017	-	-	59,753	59,753
Additions, net	-	-	66,413	66,413
<b>Balance as at January 31, 2018</b>	<b>-</b>	<b>-</b>	<b>126,166</b>	<b>126,166</b>

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## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

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

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

The property consists of twenty one mineral concessions located in Durango, Mexico, of which the Company owns an indirect 40% interest (Note 6).

#### **(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 property includes the San Luis claim.

The El Magistral claim is subject to a 1% NSR payable to the Mexican government.

The Company now owns an indirect 40% interest in the property (Note 6), previously recorded an impairment provision against all capitalized costs and is in the process of relinquishing its interest in 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 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, the Company can earn a 100% interest in six unpatented lode mining claims also located in the Eureka Mining District, Grant County, New Mexico.

Remaining lease payments are due as follows:

- (i) US \$6,000 on May 1, 2017 (paid);
- (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.

#### **(d) Exploration and Evaluation Expenditures**

Exploration and evaluation expenditures for the nine months ended January 31, 2018 and 2017 were as follows:

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

### 5. Mineral Properties, continued

#### (d) Exploration and Evaluation Expenditures, continued

	Cerro Las Minitas		Oro		Total	
	\$	\$	\$	\$	\$	\$
	2018	2017	2018	2017	2018	2017
Assays and geochemistry	-	57,003	17,742	49,352	17,742	106,355
Camp, utilities and supplies	-	3,984	2,276	-	2,276	3,984
Drilling	-	266,448	103,683	105,448	103,683	371,896
Equipment and field supplies	-	31,391	-	-	-	31,391
Geological and geophysics	-	42,934	187,037	99,841	187,037	142,775
Land fees	-	44,694	7,058	-	7,058	44,694
Project supervision	-	170,222	27,103	11,045	27,103	181,267
Project support	-	1,783	-	-	-	1,783
Taxes	-	60,868	-	-	-	60,868
Travel	-	1,733	-	-	-	1,733
	-	<b>681,060</b>	<b>344,899</b>	<b>265,686</b>	344,899	946,746
General exploration - other					1,263	6,616
					<b>346,162</b>	<b>953,362</b>

### 6. Investment in Associate

Pursuant to an earn-in agreement, Electrum Global Holdings L.P. ("Electrum") now owns 60% of SSHL with the Company owning the remaining 40%. Following the earn-in period, each SSHL shareholder is to proportionately participate in all costs and expenditures in accordance with their respective participating interest or have their participating interest diluted in accordance with an applicable dilution formula. If a participating interest is diluted to less than 10%, that interest will be surrendered in exchange for a 2% NSR.

On completion of the earn-in, the retained interest was fair valued to \$5,373,913, resulting in a gain upon deconsolidation of \$333,794 as:

	2018	2017
Fair value of retained interest	\$ -	\$ 5,373,913
Net assets derecognized	-	(2,505,563)
NCI balance derecognized	-	(3,918,201)
Other reserves derecognized	-	1,383,645
Total	\$ -	\$ 333,794

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

### 6. Investment in Associate, continued

As the Company has retained a 40% interest and is able to exert significant influence, SSHL is considered to be an associate as at January 31, 2018 and April 30, 2017. The interest is now accounted for as an investment in an associate using the equity method as:

	January 31, 2018	April 30, 2017
Balance as at May 1,	\$ 4,043,938	\$ -
Investment amount	-	5,373,913
Advances to (from) associate, net	1,373,154	(663,089)
Share of net loss	(809,838)	(666,886)
	<b>\$ 4,607,254</b>	<b>\$ 4,043,938</b>

With respect to Cerro Las Minitas, the Company will be expected to contribute at its participating interest to the following:

- 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.

Summarized financial information for SSHL and MPS after inter-company eliminations is as follows:

	January 31, 2018	April 30, 2017
Current assets (USD)	\$ 455,564	\$ 609,525
Non-current assets (USD)	2,210,617	2,195,474
Current liabilities (USD)	58,429	296,972
Non-current liabilities (USD)	11,395,865	10,678,245
Net loss (USD)	1,567,895	1,825,091

### 7. Related Party Balances and Transactions

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

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

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

(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 follows:

- \$45,000 (2017 - \$45,000) for office space and general administration services;
- \$30,525 (2017 - \$23,500) for professional services;
- \$20,318 (2017 - \$22,646) for consulting services;
- \$150,668 (2017 - \$48,015) for investor relations services;
- \$28,636 (2017 - \$17,460) for geological services;
- \$101,308 (2017 - \$77,815) for geological services (charged to investment in associate); and
- \$4,611 (2017 - \$5,360) for the mark-up on out-of-pocket expenses.

Amounts payable as at January 31, 2018 were \$40,797 (April 30, 2017 - \$35,731).

(b) Fees in the amount of \$46,800 (2017 - \$84,240) were charged by a director and officer of the Company for consulting services. Effective October 1, 2017 such fees of \$52,000 (2017 - \$nil) were charged by a company controlled by a director and officer of the Company. Amounts payable as at January 31, 2018 were \$13,650 (April 30, 2017 - \$9,828).

(c) Fees in the amount of \$69,330 (2017 - \$27,240) 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 or charged to investment in associate. Amounts payable as at January 31, 2018 were \$nil (April 30, 2017 - \$28,590).

(d) Fees in the amount of \$22,500 (2017 - \$22,500) were charged by an officer of the Company for consulting services. Amounts payable as at January 31, 2018 were \$2,625 (April 30, 2017 - \$2,625).

(e) Fees in the amount of \$30,000 (2017 - \$nil) were charged by a an officer of the Company for consulting services and included in consulting fees, mineral property expenditures or charged to investment in associate. Amounts payable as at January 31, 2018 were \$3,150 (April 30, 2017 - \$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) and (e) above, was as follows:

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	2018	2017
Short-term benefits	\$ 151,300	\$ 106,740
Share-based payments	584,471	283,221
Total	\$ 735,771	\$ 389,961

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## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

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

One executive officer is entitled to termination benefits in the event of a change of control equal to thirty six months 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, 2018 was \$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, 2018*

On June 13, 2017, the Company closed the first tranche of a non-brokered and brokered private placement and issued 6,372,500 units for gross proceeds of \$2,549,000.

On August 31, 2017, the Company closed the second tranche of this private placement and issued 1,170,000 units for gross proceeds of \$468,000. On September 29, 2017, the Company closed the final tranche of this private placement and issued 1,254,500 units for gross proceeds of \$501,800.

Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable to purchase one additional common share for a period of three years at an exercise price of \$0.55 per share.

On August 31, 2017, the Company also issued 105,600 finders' compensation options exercisable to purchase one common share for a period of three years at an exercise price of \$0.40 per share and 1,750 finders' share purchase warrants exercisable to purchase one common share for a period of three years at an exercise price of \$0.55 per share. The compensation options were fair valued at \$33,279 and the warrants were fair valued at \$527 both using the Black-Scholes option pricing model (Note 8(e)).

*Nine months ended January 31, 2017*

On May 19, 2016, the Company closed a private placement and issued 11,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,100,000.

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.

The Company also issued 72,000 finders' share purchase warrants exercisable to purchase one common share for a period of five years at an exercise price of \$0.15 per share. The warrants were fair valued at \$18,550 using the Black-Scholes option pricing model (Note 8(e)).

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2018 and 2017

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### 8. Share Capital, continued

#### (b) Compensation Options

Compensation options outstanding and exercisable as at January 31, 2018 were as follows:

Exercise Price	Expiry Date	Balance		Balance
		April 30, 2017	Granted	
\$0.40	August 31, 2020	-	105,600	105,600
		-	<b>105,600</b>	<b>105,600</b>
Weighted average exercise price		-	\$0.40	\$0.40
Weighted average remaining life in years		-		2.58

#### (c) Stock Options

On October 2, 2017, the Company granted 2,750,000 fully-vested stock options to directors, officers and consultants exercisable for a period of five years at an exercise price of \$0.34 per share.

Stock options outstanding and exercisable as at January 31, 2018 were as follows:

Exercise Price	Expiry Date	Balance				Balance
		April 30, 2017	Granted	Exercised	Expired	
\$1.00	June 5, 2017	35,000	-	-	35,000	-
\$1.00	March 14, 2018	150,000	-	-	-	150,000
\$0.08	March 14, 2018	79,200	-	-	-	79,200
\$0.50	March 24, 2019	50,000	-	-	-	50,000
\$0.08	March 26, 2020	2,518,000	-	300,000	-	2,218,000
\$0.08	July 29, 2020	750,000	-	100,000	-	650,000
\$0.08	September 28, 2020	190,000	-	-	-	190,000
\$0.11	April 22, 2021	1,188,500	-	-	-	1,188,500
\$0.30	June 3, 2021	1,625,000	-	-	-	1,625,000
\$0.34	October 2, 2022	-	2,750,000	-	-	2,750,000
<b>Options outstanding</b>		<b>6,585,700</b>	<b>2,750,000</b>	<b>400,000</b>	<b>35,000</b>	<b>8,900,700</b>
<b>Options exercisable</b>		<b>6,566,950</b>				<b>8,900,700</b>
Weighted average exercise price, outstanding		\$0.17	\$0.34	\$0.08	\$1.00	\$0.22
Weighted average exercise price, exercisable		\$0.17	\$0.34	\$0.08	\$1.00	\$0.22
Weighted average remaining life in years, outstanding		3.35				3.27
Weighted average remaining life in years, exercisable		3.34				3.27

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### 8. Share Capital, continued

#### (d) Share Purchase Warrants

Share purchase warrants outstanding as at January 31, 2018 were as follows:

Exercise Price	Expiry Date	Balance		Balance January 31, 2018
		April 30, 2017	Issued	
\$0.08	March 4, 2020	1,259,295	-	1,259,295
\$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	9,000,000	-	9,000,000
\$0.08	March 4, 2021	6,000,000	-	6,000,000
\$0.08	April 8, 2021	2,300,000	-	2,300,000
\$0.15	May 19, 2021	9,062,500	-	9,062,500
\$0.55	June 13, 2020	-	6,372,500	6,372,500
\$0.55	August 31, 2020	-	1,171,750	1,171,750
\$0.55	September 29, 2020	-	1,254,500	1,254,500
		<b>45,316,388</b>	<b>8,798,750</b>	<b>54,115,138</b>
Weighted average exercise price		\$0.11	\$0.55	\$0.18
Weighted average remaining life in years		3.34		2.56

#### (e) Fair Value Determination

The weighted average fair value of stock options granted was \$0.29 (2016 - \$0.25), compensation options granted was \$0.32 (2016 - \$nil) and finders warrants issued was \$0.30 (2016 - \$0.26). Fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2018			2017	
	Options	Options	Warrants	Options	Warrants
Risk-free interest rate	1.78%	1.35%	1.35%	0.61%	0.75%
Expected share price volatility	129.75%	142.72%	142.72%	128.60%	125.32%
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%

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:

## Southern Silver Exploration Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2018 and 2017

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### 8. Share Capital, continued

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

	2018	2017
Consolidated Statements of Comprehensive Loss		
Directors and officers	\$ 584,471	\$ 283,221
Consultants	219,607	124,618
	804,078	407,839
Consolidated Statements of Changes in Equity		
Compensation Options / Finders' warrants	33,806	18,550
Total	\$ 837,884	\$ 426,389

### 9. Supplemental Cash Flow Information

	2018	2017
Cash comprised of:		
Cash	\$ 2,993,848	\$ 1,343,819
Cash reserved for exploration expenditures	-	1,705,909
	\$ 2,993,848	\$ 3,049,728
Cash items		
Interest received	\$ 5,479	\$ -
Income tax paid	\$ -	\$ -
Interest paid	\$ -	\$ -

### 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, 2018 the Company's non-current assets were located in the British Virgin Islands (\$4,607,254) and in the United States of America (\$162,939).

### 11. Events After the Reporting Period

Other than disclosed elsewhere, the following occurred subsequent to January 31, 2018:

- On February 1, 2018, the Company granted 150,000 stock options to a consultant exercisable for a period of five years at an exercise price of \$0.34 per share. The options vest quarterly over a period of twelve months.



## **Southern Silver Exploration Corp.**

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Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended January 31, 2018 and 2017

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

- During February and March 2018, a total of 72,000 stock options with an exercise price of \$0.08 per share and a total of 20,000 stock options with an exercise price of \$0.11 per share, were exercised for total proceeds of \$5,080.
- During March 2018, a total of 500 compensation options with an exercise price of \$0.40 per share were exercised for total proceeds of \$200.
- On March 14, 2018, a total of 150,000 stock options with an exercise price of \$1.00 per share and a total of 7,200 stock options with an exercise price of \$0.08 per share, expired unexercised.