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**Condensed Consolidated Interim Financial Statements
Three Months Ended July 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 three months ended July 31, 2018 and comparatives for the three months ended July 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

Three Months Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

	Note	2018	2017
Expenses			
Administration	7	\$ 15,000	\$ 15,000
Consulting	7	73,223	48,945
Exploration and evaluation	5 & 7	27,410	77,538
Investor relations	7	114,527	184,611
Office and general	7	5,028	15,932
Professional fees	7	9,805	41,009
Regulatory fees and taxes		15,551	19,633
Share-based payments	8	11,599	430
Shareholders' communications		2,287	7,892
Transfer agent		1,800	3,850
Travel and promotion		4,442	20,662
		280,672	435,502
Foreign exchange loss		1,952	32,124
Other income		(4,586)	-
Share of loss in equity accounted investment	6	417,176	455,645
		414,542	487,769
Net Loss and Comprehensive Loss for the Period		\$ 695,214	\$ 923,271
Loss per share - basic and diluted		\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding		96,584,600	90,568,497

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	July 31, 2018	April 30, 2018
Current Assets			
Cash	9	\$ 1,118,895	\$ 2,060,490
Taxes and other receivables		175,769	189,683
Prepays		55,988	51,982
		1,350,652	2,302,155
Non-Current Assets			
Reclamation bond		38,927	38,338
Mineral properties	5	165,298	126,166
Investment in associate	6	5,283,638	5,028,583
		5,487,863	5,193,087
		\$ 6,838,515	\$ 7,495,242
Current Liabilities			
Accounts payable and accrued liabilities		\$ 389,730	\$ 385,992
Due to related parties	7	63,072	74,329
		452,802	460,321
Equity			
Share capital	8	37,646,022	37,611,615
Share-based payments reserve		1,589,755	1,578,156
Warrants reserve		931,156	931,156
Other reserve		9,270	9,270
Deficit		(33,790,490)	(33,095,276)
		6,385,713	7,034,921
		\$ 6,838,515	\$ 7,495,242

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

Three Months Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based			Deficit	Total
	Number of Shares	Amount	Payments Reserve	Warrants Reserve	Other Reserve		
Balance as at April 30, 2017	87,174,448	\$ 34,258,500	\$ 836,198	\$ 931,156	\$ 9,270	\$ (29,762,438)	\$ 6,272,686
Issued							
Private placements	6,372,500	2,549,000	-	-	-	-	2,549,000
Subscriptions received	-	60,000	-	-	-	-	60,000
Share issue costs	-	(47,260)	-	-	-	-	(47,260)
Share-based payments	-	-	430	-	-	-	430
Fair value of warrants expired	-	-	(19,523)	-	-	19,523	-
Net loss	-	-	-	-	-	(923,271)	(923,271)
Balance as at July 31, 2017	93,546,948	\$ 36,820,240	\$ 817,105	\$ 931,156	\$ 9,270	\$ (30,666,186)	\$ 7,911,585
Balance as at April 30, 2018	96,463,948	\$ 37,611,615	\$ 1,578,156	\$ 931,156	\$ 9,270	\$ (33,095,276)	\$ 7,034,921
Issued							
For services	100,000	20,000	-	-	-	-	20,000
Exercise of warrants	100,000	15,000	-	-	-	-	15,000
Share issue costs	-	(593)	-	-	-	-	(593)
Share-based payments	-	-	11,599	-	-	-	11,599
Net loss	-	-	-	-	-	(695,214)	(695,214)
Balance as at July 31, 2018	96,663,948	\$ 37,646,022	\$ 1,589,755	\$ 931,156	\$ 9,270	\$ (33,790,490)	\$ 6,385,713

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

Three Months Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

	2018	2017
Operating Activities		
Net loss	\$ (695,214)	\$ (923,271)
Items not involving cash:		
Share of loss in equity investment	417,176	455,645
Share-based payments	11,599	430
Shares issued for services	20,000	-
Unrealized foreign exchange (gain) loss	(1,054)	68,563
	(247,493)	(398,633)
Changes in non-cash working capital		
Taxes and other receivables	13,914	1,673
Prepays	(4,006)	9,018
Accounts payable and accrued liabilities	3,738	23,201
Due to related parties	(11,257)	(25,865)
	2,389	8,027
Cash Used in Operating Activities	(245,104)	(390,606)
Investing Activities		
Mineral property acquisition	(39,132)	(37,158)
Cash Used in Investing Activities	(39,132)	(37,158)
Financing Activities		
Proceeds from share issuance, net	14,407	2,501,740
Advances to associate, net	(672,231)	(802,349)
Subscriptions received	-	60,000
Cash Used in Financing Activities	(657,824)	1,759,391
Foreign Exchange Effect on Cash	465	(65,926)
(Decrease) Increase in Cash During the Period	(941,595)	1,265,701
Cash, Beginning of Period	2,060,490	2,401,026
Cash, End of Period	\$ 1,118,895	\$ 3,666,727

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

Three Months Ended July 31, 2018 and 2017

(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 July 31, 2018 the Company had working capital of \$897,850 (April 30, 2018 - \$1,841,834). The Company incurred a net loss of \$695,214 for the three months ended July 31, 2018 (2017 - \$923,271) and had an accumulated deficit of \$33,790,490 as at July 31, 2018 (April 30, 2018 - \$33,095,276).

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 adjustments could be material.

2. Basis of Preparation and Consolidation

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* on a historical cost basis, except for cash flow information and financial instruments measured at fair value. The financial statements of the Company consolidates entities controlled and equity accounts entities partially-owned by the Company as follows:

Entity	Country of Incorporation	Principal Activity
Southern Silver Holdings Limited ("SSHL")	British Virgin Islands	Holding company - 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.

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Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

2. Basis of Preparation and Consolidation, continued

All inter-company transactions and balances have been eliminated upon consolidation. The Company's functional and presentation currency is the Canadian dollar.

These condensed consolidated interim financial statements do not include all of the information required for complete annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended April 30, 2018.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on September 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, except for the adoption of IFRS 9, *Financial Instruments* ("IFRS 9") effective May 1, 2018, and reflect all the adjustments necessary for fair presentation in accordance with International Financial Reporting Standards of the results for the interim periods presented.

4. Financial Instruments

Upon adoption of IFRS 9 there were no changes to the measurement of the Company's financial instruments which include cash, other receivables, reclamation bond, accounts payable and accrued liabilities and due to related parties. The carrying values of other receivables, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short period to maturity. The reclamation bond is non-interest-bearing, has no maturity date and carrying value approximates fair value.

5. Mineral Properties

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

	Oro	Total
	\$	\$
Balance as at April 30, 2017	59,753	59,753
Additions, net	66,413	66,413
Balance as at April 30, 2018	126,166	126,166
Additions, net	39,132	39,132
Balance as at July 31, 2018	165,298	165,298

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Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

(a) 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 \$30,000 annually from May 1, 2018 (paid) to May 1, 2024; and
- (ii) US \$60,000 annually from May 1, 2025 to May 1, 2031.

The Company can purchase the property at any time by paying any amounts remaining under the lease, subject to a 1% NSR payable to the optionors, which terminates when aggregate payments thereunder equal US \$500,000.

(b) Exploration and Evaluation Expenditures

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

	Oro		Total	
	\$	\$	\$	\$
	2018	2017	2018	2017
Assays and geochemistry	151	-	151	-
Geological and geophysics	24,340	71,765	24,340	71,765
Project supervision	2,919	5,403	2,919	5,403
	27,410	77,168	27,410	77,168
General exploration - other			-	370
			27,410	77,538

6. Investment in Associate

Pursuant to an earn-in agreement completed in November 2016, Electrum Global Holdings L.P. ("Electrum") owns 60% of SSHL with the Company owning the remaining 40%. MPS, a wholly-owned subsidiary of SSHL, holds title to the Cerro Las Minitas property which consists of twenty one mineral concessions located in Durango, Mexico.

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Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

6. Investment in Associate, continued

Following the earn-in period, each SSSL shareholder is to proportionately participate in all exploration and associated costs related to the development of Cerro Las Minitas 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.

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

	July 31, 2018	April 30, 2018
Balance as at May 1,	\$ 5,028,583	\$ 4,043,938
Advances to associate, net	672,231	2,016,876
Share of net loss	(417,176)	(1,032,231)
	\$ 5,283,638	\$ 5,028,583

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 SSSL and MPS after inter-company eliminations is as follows:

	July 31, 2018	April 30, 2018
Current assets (USD)	\$ 1,938,749	\$ 1,362,972
Non-current assets (USD)	2,215,617	2,215,617
Current liabilities (USD)	153,284	44,733
Non-current liabilities (USD)	11,474,508	11,482,726
Net loss (USD)	799,556	2,003,652

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Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

7. Related Party Balances and Transactions

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

(a) Pursuant to a service agreement between the Company and a private company controlled by a director and officer of the Company, the Company was charged as follows:

- \$15,000 (2017 - \$15,000) for office space and general administration services;
- \$9,075 (2017 - \$11,550) for professional services;
- \$2,223 (2017 - \$8,365) for consulting services;
- \$49,918 (2017 - \$48,208) for investor relations services;
- \$670 (2017 - \$5,773) for geological services;
- \$59,629 (2017 - \$38,495) for geological services (charged to investment in associate); and
- \$259 (2017 - \$2,239) for the mark-up on out-of-pocket expenses.

Amounts payable as at July 31, 2018 were \$43,647 (April 30, 2018 - \$44,227).

(b) Fees in the amount of \$nil (2017 - \$28,080) were charged by a director and officer of the Company for consulting services. Effective October 1, 2017 such fees of \$39,000 (2017 - \$nil) were charged by a company controlled by a director and officer of the Company. Amounts payable as at July 31, 2018 were \$13,650 (April 30, 2018 - \$13,650).

(c) Fees in the amount of \$nil (2017 - \$nil) 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 July 31, 2018 were \$nil (April 30, 2018 - \$8,982).

(d) Fees in the amount of \$7,500 (2017 - \$7,500) were charged by an officer of the Company for consulting services. Amounts payable as at July 31, 2018 were \$2,625 (April 30, 2018 - \$2,625).

(e) Fees in the amount of \$9,000 (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 July 31, 2018 were \$3,150 (April 30, 2018 - \$3,150).

(f) Fees in the amount of \$nil (2017 - \$nil) were charged by a director of the Company for consulting services and charged to investment in associate. Amounts payable as at July 31, 2018 were \$nil (April 30, 2018 - \$1,695).

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. Compensation awarded to key management, included in (b), (d), (e) and (f) above, was as follows:

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

7. Related Party Balances and Transactions, continued

	2018	2017
Short-term benefits	\$ 55,500	\$ 35,580
Share-based payments	-	-
Total	\$ 55,500	\$ 35,580

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 July 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

Three months ended July 31, 2017

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. 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.

(b) Shares for Services

On May 29, 2018, 100,000 common shares were issued as part of a consulting agreement at a fair value of \$0.20 per share.

(c) Compensation Options

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

Exercise Price	Expiry Date	Balance April 30, 2018	Balance July 31, 2018
\$0.40	August 31, 2020	105,100	105,100
		105,100	105,100
Weighted average exercise price		\$0.40	\$0.40
Weighted average remaining life in years		2.34	2.09

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital, continued

(d) Stock Options

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

Exercise Price	Expiry Date	Balance April 30, 2018	Balance July 31, 2018
\$0.50	March 24, 2019	50,000	50,000
\$0.08	March 26, 2020	2,218,000	2,218,000
\$0.08	July 29, 2020	650,000	650,000
\$0.08	September 28, 2020	190,000	190,000
\$0.11	April 22, 2021	1,168,500	1,168,500
\$0.30	June 3, 2021	1,625,000	1,625,000
\$0.34	October 2, 2022	2,750,000	2,750,000
\$0.34	February 1, 2023	150,000	150,000
Options outstanding		8,801,500	8,801,500
Options exercisable		8,651,500	8,689,000
Weighted average exercise price, outstanding		\$0.21	\$0.21
Weighted average exercise price, exercisable		\$0.21	\$0.21
Weighted average remaining life in years, outstanding		3.14	2.88
Weighted average remaining life in years, exercisable		3.11	2.86

(e) Share Purchase Warrants

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

Exercise Price	Expiry Date	Balance April 30, 2018	Exercised	Balance July 31, 2018
\$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	100,000	8,962,500
\$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
		54,115,138	100,000	54,015,138
Weighted average exercise price		\$0.18	\$0.15	\$0.18
Weighted average remaining life in years		2.32		2.06

Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital, continued

(f) Fair Value Determination

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

	2018	2017
Consolidated Statements of Comprehensive Loss		
Directors and officers	\$ -	\$ -
Consultants	11,599	430
Total	\$ 11,599	\$ 430

9. Supplemental Cash Flow Information

	2018	2017
Cash comprised of:		
Cash	\$ 1,118,895	\$ 3,517,907
Cash reserved for exploration expenditures	-	148,820
	<u>\$ 1,118,895</u>	<u>\$ 3,666,727</u>
Cash items		
Interest received	\$ 4,586	\$ -
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 July 31, 2018 the Company's non-current assets were located in the British Virgin Islands (\$5,283,638) and in the United States of America (\$204,225).

11. Events After the Reporting Period

Other than disclosed elsewhere, no significant events occurred subsequent to July 31, 2018.