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**Condensed Consolidated Interim Financial Statements  
Six Months Ended October 31, 2021 and 2020  
(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 six months ended October 31, 2021 and comparatives for the six months ended October 31, 2020 were prepared by management and have not been reviewed or audited by the Company's auditors.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Loss

Six Months Ended October 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

	Note	Three Months Ended October 31,		Six Months Ended October 31,	
		2021	2020	2021	2020
<b>Expenses</b>					
Administration	7	\$ 15,000	\$ 15,000	\$ 30,000	\$ 30,000
Consulting	7	66,184	82,413	151,036	142,041
Exploration and evaluation	5 & 7	1,139,834	834,637	2,581,618	855,926
Investor relations	7	115,658	256,048	196,301	385,021
Office and general	7	11,347	15,829	23,268	23,069
Professional fees	7	103,047	(7,954)	141,804	131,920
Regulatory fees and taxes		26,404	9,829	31,923	28,996
Share-based payments	8	2,179,514	3,877,719	2,182,416	3,877,719
Shareholders' communications		12,917	7,434	15,717	10,768
Transfer agent		16,883	13,953	24,301	16,206
		<b>3,686,788</b>	<b>5,104,908</b>	<b>5,378,384</b>	<b>5,501,666</b>
<b>Foreign exchange (gain) loss</b>		92,919	(46,153)	178,701	(51,863)
<b>Other income</b>		(11,499)	(5,861)	(20,165)	(14,032)
<b>Share of loss in equity accounted investment</b>	6	-	65,490	-	170,579
<b>Gain on revaluation of investment in associate</b>	6	-	(8,782,077)	-	(8,782,077)
		<b>81,420</b>	<b>(8,768,601)</b>	<b>158,536</b>	<b>(8,677,393)</b>
<b>Net (Income) Loss and Comprehensive (Income) Loss for the Period</b>		<b>\$ 3,768,208</b>	<b>\$ (3,663,693)</b>	<b>\$ 5,536,920</b>	<b>\$ (3,175,727)</b>
(Earnings) Loss per share - basic		\$ 0.01	\$ (0.02)	\$ 0.02	\$ (0.02)
(Earnings) Loss per share - diluted			(0.01)		(0.01)
Weighted average number of common shares outstanding - basic		286,645,584	182,241,597	276,052,500	160,993,127
Weighted average number of common shares outstanding - diluted			264,213,934		242,965,464

*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	October 31, 2021	April 30, 2021
<b>Current Assets</b>			
Cash		\$ 15,013,659	\$ 7,759,447
Taxes and other receivables		24,868	24,230
Prepays		69,815	41,784
		<b>15,108,342</b>	<b>7,825,461</b>
<b>Non-Current Assets</b>			
Reclamation bonds		116,004	-
Mineral properties	5	33,787,059	33,494,489
		<b>33,903,063</b>	<b>33,494,489</b>
		<b>\$ 49,011,405</b>	<b>\$ 41,319,950</b>
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 495,889	\$ 520,889
Due to related parties	7	57,747	61,275
Consideration payable	6	-	4,913,600
		<b>553,636</b>	<b>5,495,764</b>
<b>Equity</b>			
Share capital	8	82,333,312	66,408,385
Share-based payments reserve		9,471,035	7,225,459
Other reserve		9,270	9,270
Deficit		(43,355,848)	(37,818,928)
		<b>48,457,769</b>	<b>35,824,186</b>
		<b>\$ 49,011,405</b>	<b>\$ 41,319,950</b>

Approved on behalf of the Board

*"Lawrence Page"*

Lawrence Page, Q.C.

*"Gina Jones"*

Gina Jones

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

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity

Six Months Ended October 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based		Warrants Reserve	Other Reserve	Deficit	Total
	Number of Shares	Amount	Payments Reserve					
<b>Balance as at April 30, 2020</b>	<b>132,418,743</b>	<b>\$ 43,171,344</b>	<b>\$ 2,625,232</b>	<b>\$ 154,500</b>	<b>\$ 9,270</b>	<b>\$ (37,643,730)</b>	<b>\$ 8,316,616</b>	
Issued								
Private placements	70,247,620	14,456,000	-	-	-	-	14,456,000	
Exercise of warrants	13,180,663	2,277,166	-	-	-	-	2,277,166	
Exercise of options	2,273,500	371,785	-	-	-	-	371,785	
Exercise of compensation options	27,650	11,060	-	-	-	-	11,060	
Asset acquisition	2,336,590	1,322,596	-	-	-	-	1,322,596	
Finders' units	1,204,000	782,600	198,094	-	-	-	980,694	
Share issue costs	-	(3,451,343)	1,372,841	-	-	-	(2,078,502)	
Fair value of warrants exercised	-	212,174	(121,674)	(90,500)	-	-	-	
Fair value of warrants expired	-	-	(527)	-	-	527	-	
Fair value of options exercised	-	297,574	(297,574)	-	-	-	-	
Fair value of compensation options exercised	-	8,714	(8,714)	-	-	-	-	
Fair value of compensation options expired	-	-	(24,408)	-	-	24,408	-	
Share-based payments	-	-	3,877,719	-	-	-	3,877,719	
Net income	-	-	-	-	-	3,175,727	3,175,727	
<b>Balance as at October 31, 2020</b>	<b>221,688,766</b>	<b>\$ 59,459,670</b>	<b>\$ 7,620,989</b>	<b>\$ 64,000</b>	<b>\$ 9,270</b>	<b>\$ (34,443,068)</b>	<b>\$ 32,710,861</b>	
<b>Balance as at April 30, 2021</b>	<b>248,034,504</b>	<b>\$ 66,408,385</b>	<b>\$ 7,225,459</b>	<b>\$ -</b>	<b>\$ 9,270</b>	<b>\$ (37,818,928)</b>	<b>\$ 35,824,186</b>	
Issued								
Private placements	24,000,000	12,000,000	-	-	-	-	12,000,000	
Exercise of warrants	9,987,500	2,245,650	-	-	-	-	2,245,650	
Exercise of options	1,340,000	376,300	-	-	-	-	376,300	
Exercise of compensation options	33,250	6,650	-	-	-	-	6,650	
Asset acquisition	7,971,878	2,529,200	-	-	-	-	2,529,200	
Finders' units	127,000	57,150	9,576	-	-	-	66,726	
Share issue costs	-	(1,631,529)	395,090	-	-	-	(1,236,439)	
Fair value of warrants exercised	-	33,386	(33,386)	-	-	-	-	
Fair value of options exercised	-	296,311	(296,311)	-	-	-	-	
Fair value of compensation options exercised	-	11,809	(11,809)	-	-	-	-	
Share-based payments	-	-	2,182,416	-	-	-	2,182,416	
Net loss	-	-	-	-	-	(5,536,920)	(5,536,920)	
<b>Balance as at October 31, 2021</b>	<b>291,494,132</b>	<b>\$ 82,333,312</b>	<b>9,471,035</b>	<b>-</b>	<b>9,270</b>	<b>(43,355,848)</b>	<b>48,457,769</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

Six Months Ended October 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

	2021	2020
<b>Operating Activities</b>		
Net income (loss)	\$ (5,536,920)	\$ 3,175,727
<b>Items not involving cash:</b>		
Share of loss in equity investment	-	170,579
Share-based payments	2,182,416	3,877,719
Gain on revaluation of investment in associate	-	(8,782,077)
Unrealized foreign exchange (gain) loss	151,734	(262,536)
	(3,202,770)	(1,820,588)
<b>Changes in non-cash working capital</b>		
Taxes and other receivables	(638)	(3,452)
Prepays	(28,031)	(10,991)
Accounts payable and accrued liabilities	(25,000)	422,649
Due to related parties	(3,528)	(4,161)
	(57,197)	404,045
<b>Cash Used in Operating Activities</b>	(3,259,967)	(1,416,543)
<b>Investing Activities</b>		
Mineral property acquisition	(292,570)	(341,485)
Reclamation bonds	(118,456)	
Asset acquisition	(2,533,200)	(7,953,300)
<b>Cash Used in Investing Activities</b>	(2,944,226)	(8,294,785)
<b>Financing Activities</b>		
Proceeds from share issuance, net	13,458,887	16,031,483
Cash acquired on asset acquisition	-	176,288
Advances to associate, net	-	(15,381)
<b>Cash Provided by Financing Activities</b>	13,458,887	16,192,390
<b>Foreign Exchange Effect on Cash</b>	(482)	16,331
<b>Increase in Cash During the Period</b>	7,254,212	6,497,393
<b>Cash, Beginning of Period</b>	7,759,447	3,641,600
<b>Cash, End of Period</b>	\$ 15,013,659	\$ 10,138,993

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

Six Months Ended October 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

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## 1. Nature of Operations

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.

In 2020, the COVID-19 global health pandemic resulted in significant volatility and turmoil in world markets. While the negative economic impact of measures to contain the virus have been mitigated to an extent by fiscal and monetary stimulus, by measures taken to reopen world economies, and by the development and roll out of vaccines, the situation remains uncertain and its impact on the Company depends to a large extent on future developments and new information that may emerge regarding COVID-19, its variants and the pandemic, factors which are beyond the Company's control. Given the extent of the crisis, it is difficult to estimate the duration of the situation or its ultimate impact on the Company.

## 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 consolidate entities controlled and uses the equity method to account for entities partially-owned by the Company as follows:

Entity	Country of Incorporation	Principal Activity
Southern Silver Holdings Limited ("SSHL")	British Virgin Islands	Holding company - 100% owned by the Company (Note 6)
Minera Plata del Sur S.A de 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
Exploraciones Minasol S.A de C.V.	Mexico	Mineral exploration - 100% owned by the Company

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 were approved and authorized for issue by the Board of Directors on December 22, 2021.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended October 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

### 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 in accordance with International Financial Reporting Standards of the results for the interim periods presented.

### 4. Financial Instruments

The Company's financial instruments include: cash and other receivables which are classified as financial assets at amortized cost and accounts payable and accrued liabilities and due to related parties, which are classified as financial liabilities at amortized cost. The carrying values of these financial instruments approximate their fair values due to the short period to maturity.

### 5. Mineral Properties

Mineral property acquisition costs as at October 31, 2021 were:

	Cerro Las Minitas	El Sol	Oro	Hermanas	Total
	\$	\$	\$	\$	\$
Balance as at April 30, 2020	-	-	318,685	-	318,685
Asset acquisition	32,904,741	-	-	-	32,904,741
Additions, net	32,096	132,200	106,767	-	271,063
Balance as at April 30, 2021	32,936,837	132,200	425,452	-	33,494,489
Additions, net	18,855	125,700	114,202	33,813	292,570
<b>Balance as at October 31, 2021</b>	<b>32,955,692</b>	<b>257,900</b>	<b>539,654</b>	<b>33,813</b>	<b>33,787,059</b>

#### (a) Cerro Las Minitas - Durango, Mexico

The property consists of a fully-owned interest in twenty-five mineral concessions located in Durango, Mexico. The Company has future and possible obligations as follows:

- On April 20, 2017, two contiguous concessions were acquired by staking. One of these claims is subject to a finder's fee whereby minimum periodic payments are due on a semi-annual basis accelerating from US \$5,000 to US \$25,000 over a ninety-six-month period and a 1% NSR with such periodic payments being credited to NSR payments. Subsequent to payment of US \$5,000,000 in NSR payments the royalty is reduced to 0.5%.
- One additional concession may be acquired if the underlying owner can deliver registered title and by making a payment, excluding applicable local taxes, of US \$200,000.



## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended October 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

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

#### **(b) El Sol - Durango, Mexico**

During April 2020, the Company entered into an agreement to purchase certain mineral claims located in Durango, Mexico. The claims total 63 hectares and are situated contiguous with Cerro Las Minitas. Remaining payments, excluding applicable local taxes of 16%, are due as:

- (i) US\$100,000 on August 3, 2021 (paid) and;
- (ii) US\$100,000 on February 3, 2022.

The property is subject to a 2% NSR payable to the optionor who has granted the Company an option to purchase the NSR at any time for US\$1,000,000.

#### **(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, as amended, the Company can earn a 100% interest in six unpatented lode mining claims also located in the Eureka Mining District, Grant County, New Mexico. Remaining lease payments are due as:

- (i) US \$30,000 annually until May 1, 2024 (2021 – paid); 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.

#### **(d) Hermanas - New Mexico, USA**

On December 7, 2021, the Company entered into an agreement to purchase 83 lode claims in Luna County, New Mexico, approximately 40km east of the Oro property. On October 15, 2021, the Company paid US\$25,000 as a reimbursement for costs associated with and filing the claims. Remaining Annual Minimum Royalty (“AMR”) payments are due as:

- (i) US\$17,500 on December 7, 2021 (paid subsequent to period end);
- (ii) US\$15,000 on December 7, 2022;
- (iii) US\$20,000 on December 7, 2023;
- (iv) US\$25,000 on December 7, 2024;
- (v) US\$30,000 on December 7, 2025;
- (vi) US\$35,000 on December 7, 2026; and
- (vii) US\$40,000 on December 7, 2027.

Upon payment of the above, the Company will have earned a full interest in the property. A minimum AMR of US\$50,000 will continue to be due each year commencing December 7, 2028.

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended October 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

### 5. Mineral Properties, continued

#### (d) Hermanas - New Mexico, USA, continued

The property is subject to a 2% NSR payable to the optionor. Upon cumulative AMR and NSR payments totalling US\$10,000,000, the NSR is reduced to 1%.

#### (e) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the six months ended October 31, 2021 and 2020 were:

	Cerro Las Minitas		El Sol		Oro		Hermanas		Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Assays and geochemistry	197,414	7,849	-	2,553	5,465	-	-	-	202,879	10,402
Camp, utilities and supplies	98,739	34,945	-	2,068	83	-	-	-	98,822	37,013
Claim taxes	70,080	-	674	-	-	-	-	-	70,754	-
Drilling	1,132,125	494,798	245,209	-	-	-	-	-	1,377,334	494,798
Geological and geophysics	90,863	96,345	15,746	4,926	53,726	1,190	4,902	-	165,237	102,461
Project supervision	321,060	101,769	23,266	6,445	10,070	4,685	-	-	354,396	112,899
IVA	227,188	73,388	62,765	21,152	-	-	-	-	289,953	94,540
Other	3,704	791	-	3,010	16,058	12	2,481	-	22,243	3,813
	2,141,173	809,885	347,660	40,154	85,402	5,887	7,383	-	2,581,618	855,926

### 6. Investment in Associate / Asset Acquisition

Pursuant to an earn-in agreement completed in November 2016, Electrum Global Holdings L.P. ("Electrum") owned 60% of SSSL with the Company owning the remaining 40%. MPS, a wholly-owned subsidiary of SSSL, holds title to the Cerro Las Minitas property. As the Company retained a 40% interest and was able to exert significant influence, SSSL was considered to be an associate and accounted for its interest as an investment in an associate using the equity method.

On September 15, 2020, the Company closed a transaction to acquire Electrum's 60% interest thereby acquiring control of SSSL. The transaction was accounted for as an acquisition of assets and liabilities as it did not meet the definition of a business under IFRS 3. The remeasurement to fair value of the Company's existing interest and net identifiable assets (liabilities) acquired in the acquisition were as follows:

	October 31, 2021		April 30, 2021	
Balance as at May 1,	\$	-	\$	4,571,121
Advances to associate		-		15,381
Share of net loss		-		(170,579)
Fair value adjustment on acquisition		-		(13,198,000)
Gain		-		8,782,077
	\$	-	\$	-

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended October 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

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### 6. Investment in Associate / Asset Acquisition

<b>Total consideration</b>	
Cash and common shares	\$ 19,797,000
Fair value of initial interest	13,198,000
Transaction costs	89,943
	<b>\$ 33,084,943</b>

  

<b>Net identifiable assets acquired</b>	
Cash	176,288
Accounts Receivable	3,914
Exploration and evaluation assets	\$ 32,904,741
	<b>\$ 33,084,943</b>

As consideration for the acquisition, the Company must pay Electrum an aggregate US\$15,000,000 in a combination of cash and common shares. The remaining consideration of US\$4,000,000 was paid on September 14, 2021 as to US\$2,000,000 in cash and issuance of 7,971,878 common shares equal to US\$2,000,000 based on the greater of the prior 20-day volume weighted average trading price and the Discounted Market Price of the shares.

### 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:

- \$30,000 (2020 - \$30,000) for office space and general administration services;
- \$18,150 (2020 - \$18,150) for professional services;
- \$27,641 (2020 - \$29,356) for consulting services;
- \$75,720 (2020 - \$80,290) for investor relations services;
- \$68,185 (2020 - \$19,371) for geological services;
- \$nil (2020 - \$27,485) for geological and professional services (charged to associate); and
- \$3,821 (2020 - \$2,788) for the mark-up on out-of-pocket expenses.

Amounts payable as at October 31, 2021 were \$34,430 (April 30, 2021 - \$29,732).

(b) Fees in the amount of \$78,000 (2020 - \$78,000) were charged by a company controlled by a director and officer of the Company. Amounts payable as at October 31, 2021 were \$13,650 (April 30, 2021 - \$13,650).

(c) Fees in the amount of \$54,180 (2020 - \$103,419) were charged by a law firm controlled by a director and officer of the Company and included in professional fees, share issue costs, mineral property expenditures / acquisitions or charged to associate. Amounts payable as at October 31, 2021 were \$nil (April 30, 2021 - \$12,118).

## Southern Silver Exploration Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended October 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

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

- (d) Fees in the amount of \$5,620 (2020 - \$nil) were charged by a law firm controlled by an officer of the Company and included in professional fees, share issue costs or mineral property expenditures. Amounts payable as at October 31, 2021 were \$1,792 (April 30, 2021 - \$nil).
- (e) Fees in the amount of \$15,000 (2020 - \$15,000) were charged by an officer of the Company for consulting services. Amounts payable as at October 31, 2021 were \$2,625 (April 30, 2021 - \$2,625).
- (f) Fees in the amount of \$28,000 (2020 - \$18,000) were charged by an officer of the Company for consulting services and included in consulting fees, mineral property expenditures or charged to associate. Amounts payable as at October 31, 2021 were \$5,250 (April 30, 2021 - \$3,150).

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), (e), and (f) above, was:

	2021	2020
Short-term benefits	\$ 121,000	\$ 111,000
Share-based payments	1,375,713	2,563,396
Total	\$ 1,496,713	\$ 2,674,396

One executive officer is entitled to termination benefits in the event of a change of control equal to thirty-six months compensation. Upon a change of control, and assuming the triggering event took place on the last business day of the period end, the payment would be \$468,000.

### 8. Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

#### (a) Equity Financings

*Six Months Ended October 31, 2021*

On June 16, 2021, the Company closed a brokered private placement of 18,000,000 units at a price of \$0.50 per unit for gross proceeds of \$9,000,000. Each unit consists of one common share and one half of one share purchase warrant with each warrant exercisable to purchase one additional common share at an exercise price of \$0.75 per share for a period of two years.

The Company also issued 1,260,000 underwriter compensation units, whereby each unit is exercisable at price of \$0.50 per unit. Each unit consists of one common share and one half of one share purchase warrant with each warrant exercisable to purchase one additional common share at an exercise price of \$0.75 per share for a period of two years. The Company also issued 360,000 finder's warrants, whereby each warrant is exercisable to purchase one common share at price of \$0.50 per share for a period of two years.

## **Southern Silver Exploration Corp.**

(An Exploration Stage Company)

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Six Months Ended October 31, 2021 and 2020

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### **8. Share Capital, continued**

#### **(a) Equity Financings, continued**

On June 21, 2021, the Company closed a non-brokered private placement of 6,000,000 units at a price of \$0.50 per unit for gross proceeds of \$3,000,000. Each unit consists of one common share and one half of one common share purchase warrant with each warrant exercisable to purchase one additional common share at a price of \$0.75 per share for a period of two years.

The Company also issued 127,000 finder's units and 240,000 finder's warrants whereby each unit and warrant have the same terms as contained in the private placement. The Company also issued 120,000 finder's warrants, whereby each warrant is exercisable to purchase one common share at price of \$0.50 per share for a period of two years.

*Six months ended October 31, 2020*

On August 15, 2020, the Company closed a brokered private placement of 50,000,000 Subscription Receipts of the Company (each, a "Subscription Receipt") at a price of \$0.20 per Subscription Receipt for gross proceeds of \$10,000,000. On September 11, 2020, each Subscription Receipt was exchanged, for no additional consideration, into one unit of the Company. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant exercisable to purchase one additional common share at a price of \$0.25 during the first year, increasing to \$0.30 in year two and \$0.35 in year three.

On August 15, 2020, the Company closed a non-brokered private placement of 19,047,620 Subscription Receipts (the "Additional Subscription Receipts") at a price of \$0.21 per Additional Subscription Receipt for gross proceeds of \$4,000,000. On September 11, 2020, each Additional Subscription Receipt was exchanged, for no additional consideration, into one unit of the Company. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant exercisable to purchase one additional common share at a price of \$0.28 during the first year, increasing to \$0.33 in year two and \$0.38 in year three.

In connection with the brokered private placement, the Company issued 1,560,400 compensation options ("Compensation Options") and 1,189,600 corporate finance options (the "Corporate Finance Options"). Each Compensation Option and Corporate Finance Option entitles the holder to purchase one common share at a price of \$0.20 for a period of three years.

The Company also issued 700,000 finder's units and 700,000 finder's warrants in connection with the brokered private placement and 504,000 finder's units and 504,000 finder's warrants in connection with the non-brokered private placement. Each unit and warrant have the same terms as contained in the respective private placements.

On September 11, 2020, the Company closed a non-brokered private placement of 1,200,000 units at a price of \$0.38 per unit for gross proceeds of \$456,000. Each unit consists of one common share and one share purchase warrant, with each warrant exercisable to purchase one additional common share at an exercise price of \$0.50 per share for a period of three years.

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### 8. Share Capital, continued

#### (b) Compensation Options

Compensation options outstanding and exercisable as at October 31, 2021 were:

Exercise Price	Expiry Date	Balance			Balance October 31, 2021
		April 30, 2021	Granted	Exercised	
\$0.20	August 14, 2023	2,166,293	-	33,250	2,133,043
\$0.50	June 16, 2023	-	1,260,000	-	1,260,000
		<b>2,166,293</b>	<b>1,260,000</b>	<b>33,250</b>	<b>3,393,043</b>
Weighted average exercise price		\$0.20	\$0.50	\$0.20	\$0.31
Weighted average remaining life in years		2.29			1.73

The weighted average fair value of compensation options exercised was \$0.355 (2020 - \$0.32) and expired was \$nil (2020 - \$0.32).

#### (c) Share Purchase Warrants

Share purchase warrants outstanding as at October 31, 2021 were:

Exercise Price	Expiry Date	Balance			Balance October 31, 2021
		April 30, 2021	Issued	Exercised	
\$0.15	May 19, 2021	2,900,000	-	2,900,000	-
\$0.55	June 13, 2022	6,372,500	-	-	6,372,500
\$0.55	August 31, 2022	1,170,000	-	-	1,170,000
\$0.55	September 29, 2022	1,254,500	-	-	1,254,500
\$0.25	August 13, 2024	10,260,262	-	735,000	9,525,262
\$0.25	September 4, 2024	4,527,600	-	30,000	4,497,600
\$0.30	* August 14, 2023	22,582,500	-	6,135,000	16,447,500
\$0.33	* August 14, 2023	9,446,477	-	187,500	9,258,977
\$0.50	September 11, 2023	1,200,000	-	-	1,200,000
\$0.75	June 16, 2023	-	9,000,000	-	9,000,000
\$0.50	June 16, 2023	-	360,000	-	360,000
\$0.75	June 21, 2023	-	3,303,500	-	3,303,500
\$0.50	June 21, 2023	-	120,000	-	120,000
		<b>59,713,839</b>	<b>12,783,500</b>	<b>9,987,500</b>	<b>62,509,839</b>
Weighted average exercise price		\$0.30	\$0.74	\$0.20	\$0.42
Weighted average remaining life in years		2.27			1.83

\* Exercise price is \$0.25 during the first year, increasing to \$0.30 in year two and \$0.35 in year three.

\*\* Exercise price is \$0.28 during the first year, increasing to \$0.33 in year two and \$0.38 in year three.

The weighted average fair value of share purchase warrants exercised was \$0.33 (2020 - \$0.02) and expired was \$nil (2020 - \$0.30)

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### 8. Share Capital, continued

#### (d) Stock Options

Stock options outstanding and exercisable as at October 31, 2021 were:

Exercise Price	Expiry Date	Balance			Balance
		April 30, 2021	Granted	Exercised	October 31, 2021
\$0.30	June 3, 2021	1,125,000	-	1,125,000	-
\$0.34	October 2, 2022	2,450,000	-	-	2,450,000
\$0.34	February 1, 2023	150,000	-	-	150,000
\$0.17	September 27, 2023	590,000	-	70,000	520,000
\$0.27	October 1, 2024	2,950,000	-	-	2,950,000
\$0.20	December 20, 2024	100,000	-	-	100,000
\$0.12	April 3, 2025	1,595,000	-	95,000	1,500,000
\$0.51	September 24, 2025	9,500,000	-	-	9,500,000
\$0.58	October 19, 2025	100,000	-	-	100,000
\$0.50	February 11, 2026	200,000	-	-	200,000
\$0.40	August 13, 2026	-	200,000	-	200,000
\$0.31	September 29, 2026	-	10,100,000	50,000	10,050,000
		<b>18,760,000</b>	<b>10,300,000</b>	<b>1,340,000</b>	<b>27,720,000</b>
Weighted average exercise price		\$0.39	\$0.31	\$0.28	\$0.37
Weighted average remaining life in years		3.48			3.83

On August 13, 2021, 200,000 fully-vested stock options were granted to a consultant at an exercise price of \$0.40 per share for a period of five years and on September 29, 2021, 10,100,000 fully-vested stock options were granted to directors, officers and consultants at an exercise price of \$0.31 per share for a period of five years.

The weighted average fair value of stock options exercised was \$0.22 (2020 - \$0.13).

#### (e) Fair Value Determination

The weighted average fair value of stock options granted was \$0.21 (2020 - \$0.41), compensation unit options granted was \$0.40 (2020 - \$nil), compensation options granted was \$nil (2020 - \$0.36) and finders warrants issued was \$0.19 (2020 - \$0.33). Fair values were estimated using the Black-Scholes option pricing model and the Geske compound options pricing model with the following weighted average assumptions:

	2021			2020	
	Options	Compensation Units	Finders' Warrants	Options	Compensation Options
Risk-free interest rate	1.10%	0.36%	0.36%	0.35%	0.31%
Expected share price volatility	82.89%	88.16%	88.16%	91.65%	83.49%
Expected life (years)	5.00	2.00	2.00	5.00	3.00
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%

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### 8. Share Capital, continued

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

The expected volatility assumptions have been developed taking into consideration historical volatility of the Company's share price. The total calculated fair value of share-based payments recognized was as follows:

	2021	2020
Consolidated Statements of Comprehensive Loss		
Directors and officers	\$ 1,375,713	\$ 2,563,396
Consultants	\$ 806,703	\$ 1,314,323
	2,182,416	3,877,719
Consolidated Statements of Changes in Equity		
Finders' warrants / units	404,846	1,570,935
Total	\$ 2,587,262	\$ 5,448,654

### 9. Supplemental Cash Flow Information

	2021	2020
Cash items		
Interest received	\$ 20,165	\$ 8,171
Non-cash items		
Financing and Investing Activities		
Shares issued to extinguish liability	\$ 2,529,200	\$ 1,322,596
Revaluation of investment in associate	\$ -	\$ 13,198,000
Fair value of assets acquired on acquisition	\$ -	\$ 19,797,000
Consideration payable for acquisition	\$ -	\$ 4,913,600
Option exercise proceeds received re prior period	\$ -	\$ 13,280

### 10. Segmented Information

The Company conducts its business as a single operating segment, being the acquisition and exploration of mineral properties. As at October 31, 2021, the Company's non-current assets were located in Mexico (\$33,213,592) and in the United States of America (\$689,471).

### 11. Events After the Reporting Period

Other than disclosed elsewhere, the following occurred subsequent to October 31, 2021:

- During November 2021, 50,000 share purchase warrants with a weighted average exercise price of \$0.25 were exercised for gross proceeds of \$12,500.
- On November 5, 2021, 100,000 fully-vested stock options were granted to a consultant at an exercise price of \$0.48 per share for a period of two years.