

Southern Silver Exploration Corp. (TSXV:SSV)

Drilling Continues to Extend Mineralization in the East at CLM

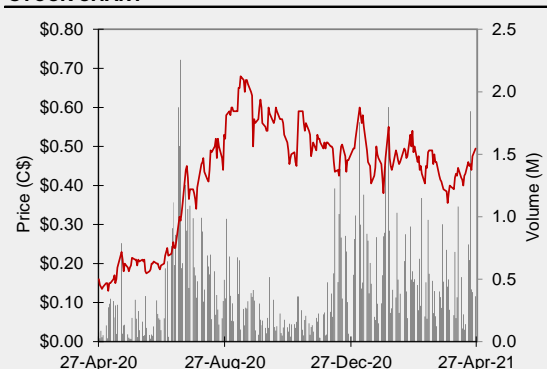
Exploration Update

April 28, 2021

(Currency is CAD\$ unless noted otherwise)

Closing Price (\$/sh)	\$0.50
Rating	BUY
Target (\$/sh)	\$0.65
Return to Target	30%
NAV (\$/sh)	\$0.84
P/NAV	0.60x
52 Week Low / High	\$0.13 / \$0.70
CAPITALIZATION	Basic Diluted
Shares Outstanding (M)	242 329
Market Capitalization (\$MM)	\$120.9
Enterprise Value (\$MM)	\$107.7
Cash (\$MM)	\$13.2
Debt (\$MM)	\$0.0

STOCK CHART



NET ASSET VALUE	(C\$M)	(C\$/sh)
Cerro Las Minitas, Mexico (40%)	\$360.59	\$0.73
Oro Project, Mexico (100%)	\$5.00	\$0.01
Corporate Adjustments	\$44.81	\$0.09
NAV	\$410.40	\$0.84

RELATIVE VALUATION	US\$EV/oz AgEq	P/NAV
Peer Group Average*	\$0.85	0.55x
Southern Silver Exploration Corp.	\$1.02	0.60x

*Capital IQ Consensus

MAJOR SHAREHOLDERS

Management (2.35%), The Electrum Group LLC (27.01%), Dr. Bost & Compagnon Verm. (1.08%), U.S. Global Investors, Inc. (0.72%), Universal-Investment-Gese. (0.7%)

DISCLOSURE CODE: 3,4

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, Capital IQ

Company Description

Southern Silver Exploration Corp., an exploration stage company, engages in the acquisition, exploration, and development of precious/base metal properties in North America. The company explores for gold, silver, copper, lead, and zinc ores. Its flagship property is the Cerro Las Minitas project that comprises 25 concessions totaling approximately 34,415 hectares, which is located in Durango State, Mexico. The company was formerly known as Newcoast Silver Mines Ltd. and changed its name to Southern Silver Exploration Corp. in July 2004. Southern Silver Exploration Corp. is headquartered in Vancouver, Canada.

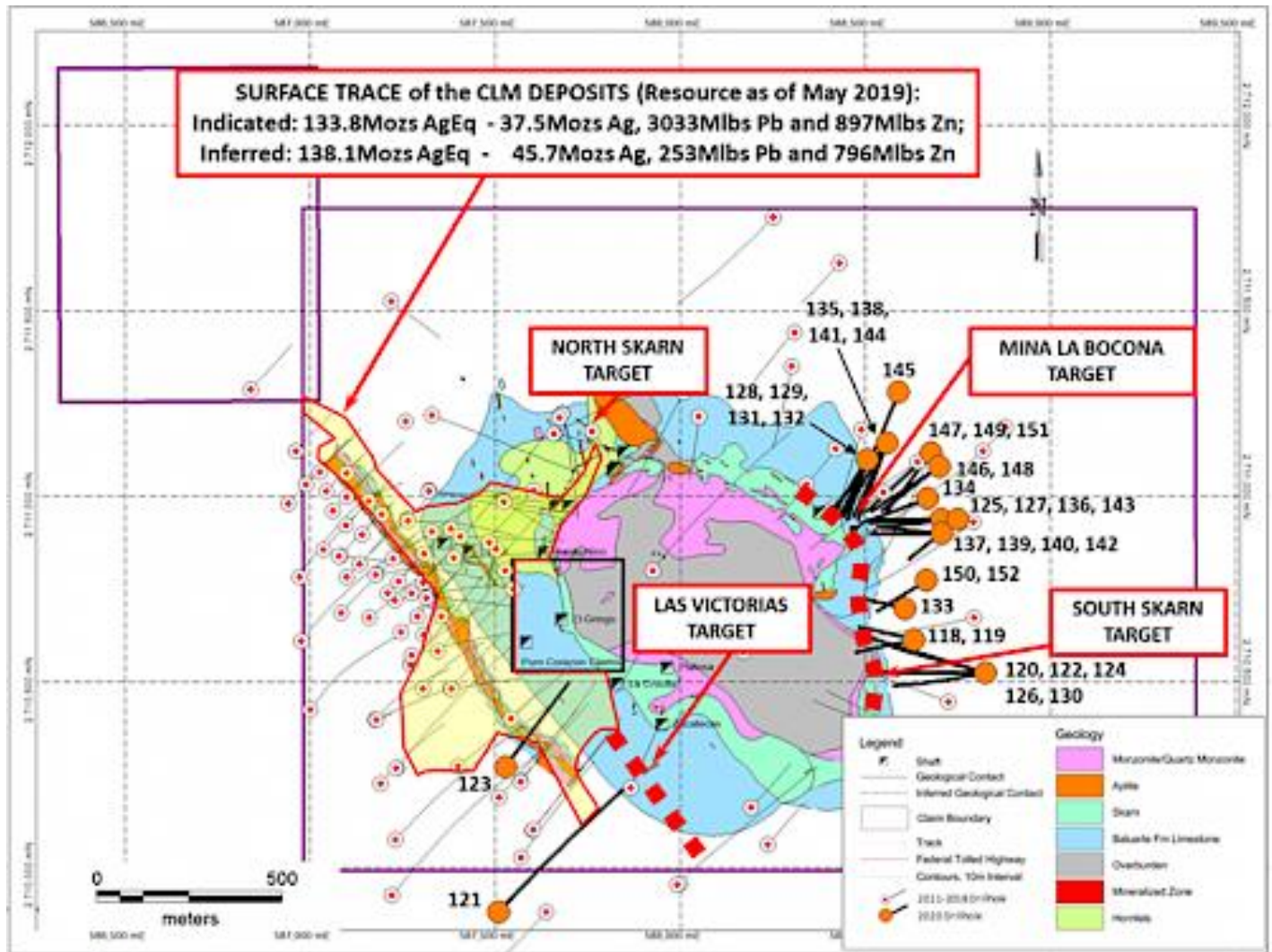
Impact: Positive

Southern Silver released additional assays from seven drill holes at its 100%-owned Cerro Las Minitas (CLM) Ag-Pb-Zn project in Durango, Mexico. Drilling continues to extend both shallow Au-Ag enriched oxide mineralization, and high-grade polymetallic sulphide mineralization laterally and at depth at the Mina La Bocona (Bocona) target on the east side of the property. We continue to view the interception of mineralization in this area as encouraging, as it lies completely outside of the ~272M oz AgEq indicated and inferred resource area. **We continue to believe Southern Silver is undervalued and expect its share price to re-rate towards our target on the back of further exploration success.**

- **Extension of high-grade Ag and Au mineralization at the Muralla chimney.** Three holes (21CLM-140 and -143, -144) have intercepted mineralization which has been identified as extensions of the Muralla chimney and continue to extend the thick, high-grade mineralized lens (reported previously in 21CLM-125 and 15CLM-078; [read more](#)), both laterally and down-dip. Highlights include: 1) **559 g/t AgEq over 7.5m true thickness (TT) including 706 g/t AgEq over 4.5m TT** (hole-140); 2) **293 g/t AgEq over 4.0m TT** (hole-143); and 3) **568 g/t AgEq over 2.9m TT** (hole-144). Hole-143 also intercepted high-grade Au in the near-surface, oxide Au zone returning 358 g/t AgEq (57 g/t Ag and 2.2 g/t Au) over 4.0m TT. Drilling has extended the oxide Au zone to the east and confirmed the zones' depth to 150m below surface, after which it is thought to transition into sulphide mineralization. We note that these types of sulphide lenses tend to occur in clusters, and thus we expect there could be additional lenses yet to be discovered.
- **Results highlight Cu-enrichment at depth at Bocona.** Deeper drilling beneath the bonanza-grade La Bocona chimney ([read more](#)), returned elevated Cu results in the lower part of the zone: 166 g/t AgEq (51 g/t Ag and 0.9% Cu) over 12.5m TT (hole-141). This is likely an indicator that this mineralization is closer to the magmatic source, which can be associated with a larger, bulk mining target.
- **Drilling likely to increase already sizeable resource.** The company has two drill rigs turning at CLM and has completed 38 core holes (~14.759m) since Sep/20. Assays from six holes (four at Bocona and two at South Skarn) remain pending. Drilling on the east of the property (Bocona and South Skarn targets) has identified a mineralized area over 650m strike-length, and up to 500m depth. Importantly, none of the mineralization on the eastern portion of the property has been incorporated into a resource estimate.

We maintain our BUY rating and our price target of C\$0.65. Our target is based on 0.75x the company's corporate NAV_{10%} of C\$0.84. Southern Silver trades at a premium to its peers, with a US\$EV/oz Ag Eq of \$1.02 (peers at \$0.85) and a P/NAV of 0.60x (peers at 0.55x). We believe Southern Silver's tremendous exploration upside and top silver mining jurisdiction does warrant a premium. **Upcoming catalysts:** 1) Exploration updates (ongoing), 2) Resource update (H2/21) and 3) PEA (H2/21).

Figure 1: Plan map of CLM property, showing the location of the deposits and planned drill targets



Source: Company Reports

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Disclosure Statement
 Updated April 27, 2021

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target C\$/sh	Status	%
2020-04-23	BUY	0.35	BUY	74%
2020-05-25	BUY	0.35	BUY (S)	15%
2020-08-05	BUY	0.35	HOLD	0%
2020-08-19	BUY	0.60	SELL / Tender	0%
2020-10-23	BUY	0.60	NA	9%
2020-10-29	BUY	0.65	Under Review	2%
2020-11-13	BUY	0.65		
2020-12-11	BUY	0.65		
2020-12-17	BUY	0.65		
2021-01-22	BUY	0.65		
2021-02-01	BUY	0.65		
2021-02-10	BUY	0.65		
2021-03-08	Under Review	Under Review		
2021-03-08	Under Review	Under Review		
2021-04-15	BUY	0.65		

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Company Name	Ticker Symbol	Disclosures
Southern Silver Exploration Corp.	TSXV:SSV	3,4

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