

Southern Silver Exploration Corp. (TSXV:SSV)

Resuming Coverage: A Top Tier Undeveloped Silver Story

Resuming Coverage

August 13, 2026

(Currency is C\$ unless noted otherwise)

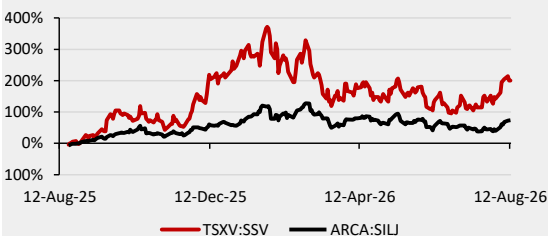
Closing Price	\$0.63
Rating	BUY
Target (\$/sh)	\$1.20
Return to Target	90%
52 Week Low / High	\$0.20 / \$1.13

CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	414.5	484.1
Market Capitalization (\$M)	\$261.1	
Enterprise Value (\$M)	\$256.2	
Cash and Equivalents (\$M)	\$4.9	
Total Debt (\$M)	\$0.0	

STOCK CHART



RELATIVE PERFORMANCE



RELATIVE VALUATION	US\$EV/oz AgEq	P/NAV
Southern Silver Exploration Corp.	\$0.53	0.38x
Peer Group Average*	\$1.14	0.45x

*S&P Capital IQ consensus

MAJOR SHAREHOLDERS

Management (2.3%), Institutions (33.0%)

DISCLOSURE CODE: 3

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

Source: RCS, Company Information, Capital IQ

Company Description

Southern Silver Exploration Corp. is advancing its 100% owned Cerro Las Minitas Ag-Pb-Zn project (CLM) located in Durango, Mexico. CLM hosts a total MRE of 303Moz AgEq. Its portfolio also includes the Oro porphyry copper-gold project and the Hermanas gold-silver vein project in southern New Mexico. The company also has an option to acquire a 100% interest in the Nazas exploration project in Durango, Mexico. Southern Silver was incorporated in 1963 and is headquartered in Vancouver, Canada.

Southern Silver (SSV) is focused on developing its flagship Cerro Las Minitas (CLM) Ag-Cu-Pb-Zn project in Durango, Mexico. CLM hosts a 302.5Moz AgEq resource (36.7Mt of ore at 257 g/t AgEq). A 2024 PEA assumed a 17yr LOM at a 5,300tpd throughput and returned an after-tax NPV_{5%} of US\$501M at now outdated prices. Post PEA, SSV has continued to advance CLM, most notably by acquiring the producing Puro Corazón mine in Sep/25, contiguous to SSV's claims. Near-term, the company plans to release an updated MRE on CLM incorporating recent drilling both at Puro Corazón and the broader property and follow up with an updated PEA targeted for year-end. **We view Southern Silver as a high-quality and catalyst rich silver play that continues to trade at a discount to its peers on both an EV/oz and P/NAV basis despite its large resource base and location in a prime Mexican jurisdiction near key infrastructure. We look to the MRE and PEA as near-term catalysts to watch. With this note we are resuming coverage of Southern Silver Exploration Corp. with a BUY rating and a C\$1.20/sh target and transferring coverage to Alex Riazanov and Ron Stewart.**

- **PEA solid even at outdated prices.** The Jun/24 PEA returned a US\$501M post-tax NPV_{5%} and 20.1% post-tax IRR with US\$23/oz Ag, US\$1,850/oz Au, US\$4.00/lb Cu, US\$1.00/lb Pb, and US\$1.25/lb Zn. While costs are likely to rise from the assumed US\$388M initial capex and US\$13.23/oz AISC due to inflation, we believe the combination of higher metal prices and larger scale from adding Puro Corazón could drive a substantial NPV uplift.
- **Puro Corazón drilling has delivered.** The 9ha claim sits within CLM and has an existing ~60tpd operation. Part of the rationale for the acquisition was to improve mine sequencing (mineralization here is high-grade and near-surface) allowing SSV to target higher value ore in earlier years. To date, SSV drilled 22 holes over 10,650m (Figure 4) at Puro Corazón which returned several high-grade hits, validating the acquisition in our view.
- **CLM is a Ag-Pb-Zn carbonate-replacement/skarn system** driven by a central monzonite intrusion, with seven mineralized zones spanning sub-vertical structures and massive sulphide lenses at the marble-skarn contact. The system is open at depth, drilled to only 450m below surface.
- **Base and precious metals breakdown.** CLM's MRE contains 127Moz Ag, 956Mlb Pb, 2Blb Zn, 160Mlb Cu, & 136koz Au, for the 303Moz AgEq figure. Using spot prices in the calculation, we get ~208Moz AgEq and a much higher precious metal share of ~65% vs ~46% in the 2024 MRE (Figure 3).
- **Model assumptions.** We model a 17yr LOM with first production in H2/29 ramping to 5,200tpd in 2031 following a two-year build and capex of US\$446M (15% above the 2024 PEA). We assume LOM AISC of US\$17.5/oz AgEq (32% above the PEA). We apply an 8% discount rate to arrive at a project NAV of US\$509M (Figure 5). We do not include Puro Corazón and will revisit our assumptions once the updated MRE and PEA are out.

We are resuming coverage with a BUY rating (was Under Review) and a C\$1.20/sh target price. Our target is based on a 0.70x multiple of SSV's NAVPS of C\$1.65, driven by our US\$509M DCF_{8%} valuation of CLM with other projects at book value (Figure 6). SSV trades at a discount to its peers on a EV/oz AgEq basis at US\$0.53 vs peers at US\$1.14, and on a P/NAV basis at 0.38x vs peers at 0.45x. **Upcoming Catalysts:** 1) Cerro Las Minitas and Puro Corazón drilling (ongoing) and 2) Updated CLM MRE (Q3/26) & PEA (Q4/26).

Figure 1: Map of Southern Silver's projects in Mexico and the USA



Source: Company reports

Figure 2: Cerro Las Minitas MRE (2024)

Category	Ore (Mt)	Grade						Contained Metal					
		Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)	AgEq (g/t)	Ag (Moz)	Au (koz)	Pb (Mlb)	Zn (Mlb)	Cu (Mlb)	AgEq (Moz)
Measured	-	-	-	-	-	-	-	-	-	-	-	-	-
Indicated	13.3	102	0.07	1.30%	3.10%	0.17%	272	43.4	32	374	921	49	116.1
M&I	13.3	102	0.07	1.30%	3.10%	0.17%	272	43.4	32	374	921	49	116.1
Inferred	23.4	111	0.14	1.10%	2.10%	0.21%	247	83.4	104	582	1106	111	186.4
Total	36.7	108	0.11	1.18%	2.48%	0.19%	257	126.8	136	956	2027	160	302.5

Source: Company reports

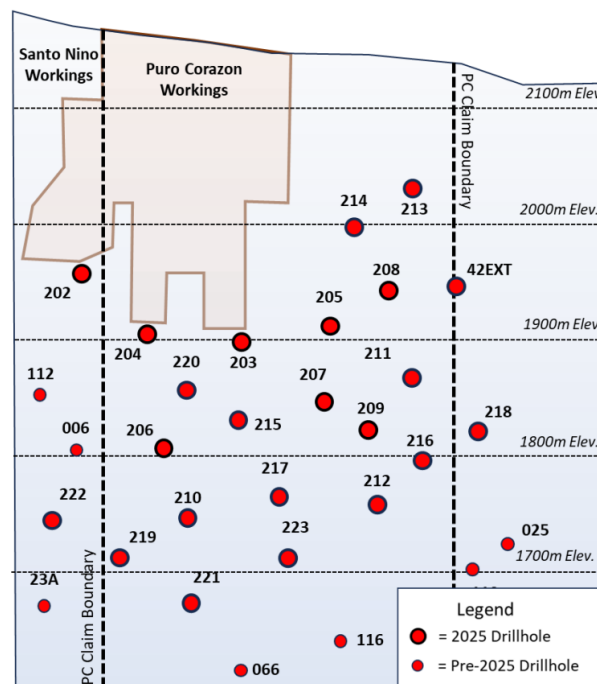
Figure 3: Impact of using spot prices to CLM's contained AgEq estimate

	Au price	Ag price	Pb price	Zn price	Cu price	Ag (Moz)	AgEq (Moz)
2024 MRE calculation	US\$1,850	US\$22.50	US\$0.94	US\$1.25	US\$3.78	126.8	302.5
Spot prices (Aug 12, 2026)	US\$4,341	US\$63.94	US\$0.84	US\$1.71	US\$6.44	126.8	208.4
Δ	135%	184%	-11%	37%	70%	0%	-31%

Source: Company reports, S&P Capital IQ

Figure 4: Highlighted Puro Corazón intercepts (Left) with location of drill holes relative to mine workings

Hole ID	Est. true thickness (m)	Grade (g/t AgEq)
25CLM-203	10.5	1,115
Incl.	3.4	1,982
25CLM-204	7.3	305
Incl.	4.0	456
25CLM-205	10.4	743
Incl.	3.9	1,490
25CLM-206	15.3	581
Incl.	3.1	837
And	22.0	426
Incl.	3.0	929
25CLM-210	5.8	781
And	10.8	348
Incl.	3.1	642
26CLM-217	6.3	874
Incl.	1.5	886



Source: Company reports

Figure 5: Cerro Las Minitas RCS modeled parameters versus 2024 PEA

Metric	Unit	RCS estimates	PEA (2024)	Δ
Silver price	US\$/oz	US\$40	US\$23	74%
Gold price	US\$/oz	US\$3,000	US\$1,850	62%
Copper price	US\$/lb	US\$4.50	US\$4.00	13%
Lead price	US\$/lb	US\$1.00	US\$1.00	0%
Zinc price	US\$/lb	US\$1.30	US\$1.25	4%
Mine life	Years	17	17	0%
Total ore processed	Mt	25.8	29.5	-13%
Average head grade	g/t AgEq	256.6	256.8	0%
Total payable metal - Ag	Moz	80.4	83.9	-4%
Total payable metal - Au	koz	44.3	47.1	-6%
Total payable metal - Cu	Mlb	75.5	83.3	-9%
Total payable metal - Pb	Mlb	523.6	570.0	-8%
Total payable metal - Zn	Mlb	1275.2	1240.0	3%
Initial capex	US\$M	US\$446.0	US\$387.8	15%
Sustaining capex	US\$M	US\$208.1	US\$160.1	30%
AISC	US\$/oz AgEq	US\$17.5	US\$13.2	32%
After-tax NPV_{5%}	US\$M	US\$766.1	US\$501.1	53%
After-tax NPV_{8%}	US\$M	US\$508.5	NA	-

Source: Company reports, RCS estimates

Figure 6: Southern Silver Exploration NAV

	Discount Rate										
	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%
CLM Project (C\$M)	\$1,393.50	\$1,217.60	\$1,064.09	\$929.47	\$810.96	\$706.23	\$613.39	\$530.85	\$457.28	\$391.52	\$332.62
Other projects at BV (C\$M)	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75
Corporate adjustments											
G&A and Corporate (C\$M)	\$95.68	\$93.29	\$90.96	\$88.70	\$86.51	\$84.38	\$82.31	\$80.30	\$78.35	\$76.45	\$74.61
Net Cash (C\$M)	\$4.90	\$4.90	\$4.90	\$4.90	\$4.90	\$4.90	\$4.90	\$4.90	\$4.90	\$4.90	\$4.90
Corporate NAV (C\$M)	\$1,495.83	\$1,317.54	\$1,161.70	\$1,024.83	\$904.12	\$797.26	\$702.36	\$617.81	\$542.28	\$474.63	\$413.89
NAVPS (C\$)	\$3.09	\$2.72	\$2.40	\$2.12	\$1.87	\$1.65	\$1.45	\$1.28	\$1.12	\$0.98	\$0.85

Multiple	0.7x
Target	\$1.20

Source: Company reports, RCS estimates

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Disclosure Statement

Updated August 13, 2026

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target	Status	%
2020-04-23	BUY	0.35	BUY	36%
2024-08-28	BUY	1.00	BUY (S)	15%
2024-09-04	BUY	0.90	HOLD	1%
2024-10-21	BUY	0.90	TENDER/ SELL	1%
2025-01-07	RESTR.	RESTR.	NA	25%
2025-02-27	BUY	0.90	UNDER REVIEW	21%
2025-03-03	RESTR.	RESTR.		
2025-04-24	BUY	1.25		
2025-06-30	BUY	1.25		
2025-09-18	BUY	1.10		
2025-10-20	BUY	1.30		
2025-11-07	Under Review	1.30		
2025-12-02	BUY	1.30		
2025-12-02	BUY	1.30		
2026-01-07	BUY	1.30		
2026-01-28	BUY	1.30		
2026-02-10	BUY	1.30		
2026-03-02	BUY	1.30		
2026-04-02	Under Review	NA		
2026-08-13	BUY	1.20		

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

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