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**Interim Consolidated Financial Statements**  
For the Nine Months Ended January 31, 2009

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**Notice of No Auditor Review of Interim Statements**

These interim consolidated financial statements of the Company for the nine months ended January 31, 2009, were prepared by management and have not been reviewed or audited by the Company's auditors.

**Southern Silver Exploration Corp.**  
**(Exploration Stage Company)**  
**Consolidated Balance Sheets as at January 31, 2009 and April 30, 2008**

		Unaudited January 31, 2009	Audited April 30, 2008
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 873,199	\$ 2,575,224
Receivables		18,839	148,998
Prepays and deposits		31,532	237,369
		<b>923,570</b>	<b>2,961,591</b>
Equipment	Note 5	4,906	13,564
Mineral properties	Note 6	4,714,489	5,988,026
Bonds		59,779	68,307
		<b>\$ 5,702,744</b>	<b>\$ 9,031,488</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 79,236	\$ 296,727
Due to related parties	Note 7	37,053	51,757
		<b>116,289</b>	<b>348,484</b>
<b>Shareholders' Equity</b>			
Share capital	Note 8	18,996,984	18,981,258
Contributed surplus	Note 8	2,702,686	2,692,687
Deficit		(16,113,215)	(12,990,941)
		<b>5,586,455</b>	<b>8,683,004</b>
		<b>\$ 5,702,744</b>	<b>\$ 9,031,488</b>

Nature of operations (Note 1)

Contingencies and commitments (Note 11)

**Approved on behalf of the Board**

"Lawrence Page"  
Lawrence Page, Q.C.

"Nazlin Rahemtulla"  
Nazlin Rahemtulla

**Southern Silver Exploration Corp.**  
**(Exploration Stage Company)**  
**Consolidated Statements of Operations and Deficit For**

	Three months ended		Nine months ended	
	January 31,		January 31,	
	2009	2008	2009	2008
<b>Expenses</b>				
Administration	\$ 24,000	\$ 24,000	\$ 72,000	\$ 84,000
Amortization	2,754	4,654	8,457	7,636
Consulting				
Services	69,422	74,841	203,057	214,669
Stock-based compensation	-	4,606	-	50,060
Independent directors' fees				
Services	7,567	10,549	28,762	31,063
Investor relations	19,811	44,208	121,860	139,759
Office and general	24,566	24,140	81,757	69,096
Professional fees	44,829	52,176	161,115	105,300
Regulatory fees and taxes	5,309	2,019	19,873	7,301
Shareholders' communications	4,815	6,609	6,253	17,727
Transfer agent	8,289	8,360	10,560	11,098
Travel and promotion	6,005	22,044	30,960	95,953
Wages and benefits				
Stock-based compensation	-	-	9,999	8,632
	217,367	278,206	754,653	842,294
<b>Other items</b>				
Interest income	(13,593)	(39,877)	(24,268)	(163,688)
Foreign exchange loss (gain)	(23,261)	(147,178)	(244,357)	499,262
General exploration	29,602	13,371	75,970	27,444
Write-off of mineral property	-	-	2,560,276	-
	(7,252)	(173,684)	2,367,621	363,018
<b>Net loss for the period</b>	210,115	104,522	3,122,274	1,205,312
<b>Deficit, beginning of the period</b>	15,903,100	12,354,619	12,990,941	11,253,829
<b>Deficit, end of the period</b>	\$ 16,113,215	\$ 12,459,141	\$ 16,113,215	\$ 12,459,141
Loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.07)	\$ (0.03)
Weighted average number of shares outstanding	42,763,180	42,577,582	42,739,629	41,052,627

The accompanying notes are an integral part of the consolidated financial statements  
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**Southern Silver Exploration Corp.**  
**(Exploration Stage Company)**  
**Consolidated Statements of Cash Flows For**

<b>Cash provided by (used for):</b>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>January 31,</b>		<b>January 31,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Net loss for the period	\$ (210,115)	\$ (104,522)	\$ (3,122,274)	\$ (1,205,312)
<b>Items not involving cash:</b>				
Amortization	2,754	4,654	8,457	7,636
Stock-based compensation	-	4,606	9,999	58,692
Foreign exchange adjustment on assets	202	(2,133)	202	5,826
Unrealized (gain) loss on foreign exchange	(172,997)	(108,496)	(184,982)	307,534
Write - off of mineral properties	-	-	2,560,276	-
	(380,156)	(205,891)	(728,322)	(825,624)
<b>Change in Non-Cash Working Capital</b>				
Receivables	78,914	72,602	130,159	(51,835)
Prepaid and deposits	31,306	(132,611)	205,837	(133,310)
Accounts payable and accrued liabilities	16,234	(32)	11,523	24,937
Due to related parties	18,172	(8,528)	(13,762)	30,502
	144,626	(68,569)	333,757	(129,706)
<b>Cash Used in Operating Activities</b>	(235,530)	(274,460)	(394,565)	(955,330)
<b>Investing Activities</b>				
Expenditures on equipment	-	(2,900)	-	(23,713)
Expenditures on mineral properties	(205,304)	(786,162)	(1,500,320)	(2,043,728)
Bonds	(1,999)	-	8,528	(7,523)
<b>Cash Used in Investing Activities</b>	(207,303)	(789,062)	(1,491,792)	(2,074,964)
<b>Financing Activities</b>				
Shares issued for cash	-	-	-	771,750
Share issue cost	(650)	-	(650)	-
<b>Cash Provided by Financing Activities</b>	(650)	-	(650)	771,750
<b>Foreign Exchange Effect on Cash</b>	172,997	108,496	184,982	(307,534)
<b>Decrease in cash and cash equivalents</b>	(270,486)	(955,026)	(1,702,025)	(2,566,078)
<b>Cash, beginning of period</b>	1,143,685	4,650,693	2,575,224	6,261,745
<b>Cash, end of period</b>	<b>\$ 873,199</b>	<b>\$ 3,695,667</b>	<b>\$ 873,199</b>	<b>\$ 3,695,667</b>
<b>Supplemental cash flow information</b>				
Cash and cash equivalents consists of:				
Cash	873,199	1,104,725	873,199	1,104,725
Short-term deposits	-	2,590,942	-	2,590,942
	<b>\$ 873,199</b>	<b>\$ 3,695,667</b>	<b>\$ 873,199</b>	<b>\$ 3,695,667</b>

Supplemental cash flow information (Note 10)

**Southern Silver Exploration Corp.**  
**(Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Nine months ended January 31, 2009**

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## **1. Nature of Operations**

Southern Silver Exploration Corp. (the "Company") is an exploration stage enterprise incorporated under the laws of British Columbia. The Company and its subsidiaries are engaged in the acquisition and exploration of mineral properties and do not have any mineral properties in production.

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 the sale of the mineral properties.

These consolidated 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, 2009, the Company had working capital of \$807,281 (April 30, 2008 - \$2,613,107).

The Company does not hold any revenue generating properties and thereby continues to incur losses. The Company has an accumulated deficit of \$16,113,215 as at January 31, 2009 (April 30, 2008 - \$12,990,941).

The Company's ability to discharge its liabilities and fulfill its commitments as they come due is dependent upon its success in obtaining equity financing and, ultimately, on locating ore reserves and attaining profitable operations. Failure to continue as a going concern would require the restatement of assets and liabilities on a liquidation basis, which could differ materially from the going concern basis. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## **2. Summary of Significant Accounting Policies**

### **(a) Basis of Presentation and Consolidation**

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). As a result, these unaudited interim financial statements do not contain all of the information required for annual financial statements and they should be read in conjunction with the Company's annual audited consolidated financial statements for the fiscal year ended April 30, 2008.

**Southern Silver Exploration Corp.**  
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**2. Summary of Significant Accounting Policies, continued**

**(a) Basis of Presentation and Consolidation, continued**

All material adjustments, which, in the opinion of management, are necessary for a fair presentation of the results of the interim periods, have been reflected. The results for the nine months ended January 31, 2009 are stated utilizing the same accounting policies and methods of application as the most recent annual audited financial statements, but are not necessarily indicative of the results to be expected for the full year.

The consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, Minera Plata del Sur S.A de C.V., incorporated in Mexico, Southern Silver Exploration (US) Corp. incorporated in the United States, and Southern Silver Holdings Ltd., incorporated in the British Virgin Islands.

All intercompany accounts and transactions were eliminated upon consolidation.

Certain of the prior periods comparative figures have been reclassified to conform to the presentation adopted in the current year.

**(b) Equipment**

Equipment and software is carried at cost less accumulated amortization. Amortization is calculated over the estimated useful life of the assets using the straight line method at an annual rate of 25% for equipment and 100% for software from May 1, 2008.

**(c) Accounting Changes**

(i) Effective May 1, 2008, the Company adopted CICA Handbook Sections 3862 and 3863, which describe the required disclosures and presentations related to the significance of financial instruments on the Company's financial position and performance, the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. Risk exposure arising from financial instruments disclosed in Note 3.

(ii) Effective May 1, 2008, the Company adopted CICA Handbook Section 1535, which establishes standards for disclosing information about a company's capital and how it is managed to enable users of financial statements to evaluate the company's objectives, policies and procedures for managing capital, as well as consequences of non compliance. Please refer Note 4.

**Southern Silver Exploration Corp.**  
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## **2. Summary of Significant Accounting Policies, continued**

### **(c) Accounting Changes, continued**

(iii) Effective May 1, 2008, the Company adopted CICA Handbook Section 1400, which establishes standards for financial statement presentation, which requires management to make an assessment of a company's ability to continue as a going concern. When the financial statements are not prepared on a going concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going concern. Please refer Note 1 and Note 4.

### **(d) Future Accounting Changes**

In February 2008, the Canadian Accounting Standards Board confirmed that the publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter ending July 31, 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data system, internal control over financial reporting, and disclosure controls and procedures. The Company is currently evaluating the future impact of IFRS on its financial statements and will continue to invest in training and additional resources to ensure a timely conversion.

## **3. Financial Instruments**

### **(a) Fair Value**

The carrying values of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of the short-term maturity of these financial instruments. The fair value of the financial instruments is approximated by their book values.

### **(b) Interest Rate Risk**

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

### **(c) Currency Risk**

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar (primarily US dollars and Mexican pesos). The Company does not manage currency risks through hedging or other currency management tools.

**Southern Silver Exploration Corp.**  
**(Exploration Stage Company)**  
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**Nine months ended January 31, 2009**

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**3. Financial Instruments, continued**

**(d) Credit Risk**

The Company is exposed to credit risk with respect to managing its cash position. This risk, from deposit granting institutions and/or commercial paper issuers, is mitigated by risk management policies, which requires deposits or short-term investments to be invested with Canadian chartered banks rated BBB or better or commercial paper issuers R1/A2/P2 or higher. All investments must be less than one year in duration and the Company has no exposure to asset backed commercial paper.

**4. Management of Capital**

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the exploration of its mineral properties and support any expansionary plans.

The capital of the Company consists of shareholders' equity and debt obligations net of cash and cash equivalents. The Company expects its current capital resources and projected financing will support further exploration of its mineral properties.

**5. Equipment**

			January 31, 2009	April 30, 2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Equipment	2,900	1,624	1,276	2,255
Computer	1,305	712	593	861
Software	20,646	17,609	3,037	10,448
	<b>24,851</b>	<b>19,945</b>	<b>4,906</b>	<b>13,564</b>

**6. Mineral Properties**

The Company has interests in base and precious metal properties as follows:

- Mexico - Jalisco - Minas de Ameca - Magistral I, EI Magistral, Quila and Altavista  
- Chihuahua - Pinabete property
- USA - Arizona - Tombstone and Dragoon properties  
- New Mexico - Oro property



**Southern Silver Exploration Corp.**  
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**Nine months ended January 31, 2009**

**6. Mineral Properties, continued**

Deferred mineral property costs by property as at January 31, 2009 are as follows:

<b>Mineral Properties</b>	<b>Minas de Ameca</b>	<b>Pinabete</b>	<b>Tombstone</b>	<b>Oro</b>	<b>Dragoon</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Acquisition costs</b>						
Balance as at April 30, 2008	501,693	181,691	189,983	180,682	34,458	1,088,507
Additions during the period	85,634	9,119	115,819	139,488	32,571	382,631
Write-off during the period	(246,920)	(190,810)	-	-	-	(437,730)
<b>Acquisition Balance as at Jan. 31, 2009</b>	<b>340,407</b>	<b>-</b>	<b>305,802</b>	<b>320,170</b>	<b>67,029</b>	<b>1,033,408</b>
<b>Exploration</b>						
Balance as at April 30, 2008	2,735,694	915,131	1,118,382	96,845	33,467	4,899,519
Additions during the year:						
Assays & geochemistry	25,185	1,820	1,398	1,642	-	30,045
Camp, Utilities and Supplies	19,332	393	17,556	5,081	458	42,820
Drilling services	172,036	65,079	174,514	-	-	411,629
Equipment/rentals/supplies	31,357	673	28,835	2,105	135	63,105
Geological & Geophysics	50,511	979	100,526	48,710	10,451	211,177
General exploration	29,025	781	9,470	2,053	124	41,453
Project supervision	68,309	5,754	3,217	-	233	77,513
Project support	12,894	226	-	172	-	13,292
Travel	9,760	120	958	1,659	577	13,074
Total additions during the period	418,409	75,825	336,474	61,422	11,978	904,108
Write-off during the period	(1,131,590)	(990,956)	-	-	-	(2,122,546)
<b>Exploration Balance as at Jan. 31, 2009</b>	<b>2,022,513</b>	<b>-</b>	<b>1,454,856</b>	<b>158,267</b>	<b>45,445</b>	<b>3,681,081</b>
<b>Total Mineral Property Expenditures as at January 31, 2009</b>	<b>2,362,920</b>	<b>-</b>	<b>1,760,658</b>	<b>478,437</b>	<b>112,474</b>	<b>4,714,489</b>

**Southern Silver Exploration Corp.**  
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## **6. Mineral Properties, continued**

### **(a) Property Payments**

The Company honored the following property commitments during the nine months ended January 31, 2009.

- Tombstone property – Arizona, USA – US \$100,000
- Oro property – New Mexico, USA - US \$50,000
- Dragoon property – Arizona, USA – US \$20,000
- Magistral property - Jalisco, Mexico – issue 50,000 common shares
- Quila property – Jalisco, Mexico – issue 75,000 common shares
- Altavista property – Jalisco, Mexico – US \$20,000

Please refer Note 6 (a), (d), (e) and (f) of the audited consolidated financial statements as at April 30, 2008 for terms and conditions of the property agreements.

### **(b) Minas de Ameca – Mexico**

#### **La Sorpresa Property**

During the quarter ended October 31, 2008, the Company relinquished its right to the property and, accordingly, \$1,378,510 (acquisition costs of \$246,920 and \$1,131,590 in exploration cost) was written off and included in the statement of operations and deficit.

#### **Pinabete Property – Mexico**

During the quarter ended October 31, 2008, the Company decided to relinquish its right to the property and, accordingly, \$1,181,766 (acquisition costs of \$190,810 and \$990,956 in exploration cost) was written off and included in the statement of operations and deficit.

Subsequently parties to the option agreement decided to amend the agreement to reconsider further exploration potential and the amendment process is in progress.

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

The Company entered into the following related party transactions during the nine months ended January 31, 2009.

(a) Under a service agreement, as amended, between the Company and a company privately held by a director and an officer of the Company, the Company was charged as follows:

- \$72,000 in respect of office space and general administration services;
- \$60,250 in respect of professional services;
- \$40,854 in respect of consulting services;
- \$26,029 in respect of investor relations services;

**Southern Silver Exploration Corp.**  
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**7. Related Party Balances and Transactions, continued**

- \$28,140 in respect of administrative services;
- \$20,542 in respect of geological consulting services in relation to mineral properties; and
- \$4,414 in respect of the mark-up on out-of-pocket expenses which are included in office and general.

Amounts payable under the agreement at January 31, 2009 were \$25,160. As of January 31, 2009, prepayment of \$8,000 was made in relation to the office space and administration services.

(b) Pursuant to a consulting agreement, as amended, between the Company and the President of the Company, the Company was charged \$84,240 for consulting services.

(c) Fees in the amount of \$40,308 were charged by a law firm controlled by a director and an officer of the Company and included in investor relations, professional fees and mineral property expenditures. Amounts payable as at January 31, 2009 were \$5,593.

(d) Consulting fees relating to corporate development of \$54,000 were charged by a private company controlled by a director and an officer of the Company. Amounts payable as at January 31, 2009 were \$6,300.

(e) Consulting fees relating to office administration of \$18,000 were charged by a private company controlled by an officer of the Company.

These transactions are in the normal course of operations and are consistent with industry standards. These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**Southern Silver Exploration Corp.**  
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**8. Share Capital**

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

**(a) Issued and Outstanding**

The issued share capital is as follows:

	No. of Shares	Amount	Contributed Surplus
<b>Balance as at April 30, 2007</b>	<b>39,951,821</b>	<b>18,142,008</b>	<b>2,508,132</b>
Issued			
Exercised share purchase warrants	2,572,500	771,750	-
Issued to acquire mineral properties	175,000	67,500	-
Stock-based compensation	-	-	184,555
	2,747,500	839,250	184,555
<b>Balance as at April 30, 2008</b>	<b>42,699,321</b>	<b>\$ 18,981,258</b>	<b>\$ 2,692,687</b>
Issued			
Issued to acquire mineral properties	125,000	16,376	-
Stock-based compensation			9,999
	42,824,321	18,997,634	2,702,686
Share issue costs	-	650	-
<b>Balance as at January 31, 2009</b>	<b>42,824,321</b>	<b>\$ 18,996,984</b>	<b>\$ 2,702,686</b>

**(b) Private Placements and Shares Issued for Mineral Properties**

**Nine months ended January 31, 2009**

No private placements were announced or completed.

On July 18, 2008, the Company issued 50,000 common shares at a fair value of \$0.215 per share, \$10,750 in total, pursuant to an option agreement to acquire a 65% interest in the Magistral I, Mexican mining exploration concession (refer Note 6(a) of the audited consolidated financial statements as at April 30, 2008).

**Southern Silver Exploration Corp.**  
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**Nine months ended January 31, 2009**

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**8. Share Capital, continued**

**(b) Private Placements and Shares Issued for Mineral Properties, continued**

On January 14, 2009, the Company issued 75,000 common shares at a fair value of \$0.075 per share, \$5,626 in total, pursuant to an option agreement to acquire a 70% interest in the Quila claims, Jalisco, Mexican mining exploration concession (refer Note 6(a) of the audited consolidated financial statements as at April 30, 2008).

**(c) Stock Options**

As at January 31, 2009 and April 30, 2008, the Company had a stock option plan (the "Plan") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time. The terms of any stock option granted under the Plan may not exceed five years and the exercise price may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant, less any permitted discount. On an annual basis, the Plan requires approval by the Company's shareholders and submission for regulatory review and acceptance.

As at January 31, 2009, all the options outstanding were exercisable.

Exercise Price	Expiry Date	Balance April 30, 2008	Cancelled or Expired	Balance January 31, 2009
\$0.65	December 10, 2009	827,500	-	827,500
\$0.30	October 13, 2010	205,000	-	205,000
\$0.51	November 8, 2010	435,000	20,000	415,000
\$0.83	January 16, 2011	205,000	15,000	190,000
\$0.82	March 27, 2011	125,000	-	125,000
\$0.88	June 1, 2011	460,000	-	460,000
\$0.58	March 1, 2012	1,235,000	25,000	1,210,000
\$0.58	March 26, 2012	100,000	-	100,000
\$0.58	October 19, 2012	25,000	-	25,000
\$0.58	December 4, 2012	25,000	-	25,000
\$0.21	March 26, 2013	625,000	75,000	550,000
		<b>4,267,500</b>	<b>135,000</b>	<b>4,132,500</b>
Weighted average exercise price		\$0.57	\$0.39	\$0.58

**Southern Silver Exploration Corp.**  
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**8. Share Capital, continued**

**(d) Share Purchase Warrants**

The Company's share purchase warrants as at January 31, 2009 are summarized as follows:

Exercise Price	Expiry Date	Balance April 30, 2008	Cancelled or Expired	Exercised	Balance January 31, 2009
\$0.60	February 24, 2010	6,500,000	-	-	6,500,000
\$0.60	February 24, 2009	164,700	-	-	164,700
		<b>6,664,700</b>	<b>-</b>	<b>-</b>	<b>6,664,700</b>
Weighted average exercise price		\$0.60	-	-	\$0.60

On December 10, 2008 the Company extended the expiry date of 6,500,000 share purchase warrants from February 24, 2009 to February 24, 2010 (exercise price \$ 0.60).

**(e) Agent Options**

No agent options were granted, exercised, cancelled or expired during the nine months ended January 31, 2009.

As part of the private placement in February 2007, options were issued to the agents. Each agent option when exercised will entitle the agent to one common share and one-half of one share purchase warrant exercisable at \$0.60 to February 24, 2009.

Exercise Price	Expiry Date	Balance April 30, 2008	Cancelled or Expired	Exercised	Balance January 31, 2009
\$0.50	February 24, 2009	645,000	-	-	645,000

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**8. Share Capital, continued**

**(f) Fair Value Determination**

The fair value of stock options granted using the Black-Scholes option pricing model was calculated using the following weighted average assumptions:

	2008		2007	
	Options	Warrants	Options	Warrants
Risk-free interest rate	2.86%	N/A	4.01%	4.05%
Expected share price volatility	171.01%	N/A	201.45%	119.08%
Expected option/warrant life in years	5.0	N/A	3.0	1.5
Expected dividend yield	0%	N/A	0%	0%

The total calculated fair value of stock-based compensation for the nine months ended January 31, 2009 was \$ 9,999.

**9. Segmented Information**

The Company has one operating segment, mineral exploration, and its non-current assets by geographic location outside of Canada are as follows:

	January 31, 2009		April 30, 2008	
	\$	%	\$	%
Canada	3,310	1%	11,308	1%
Mexico	2,412,298	50%	4,394,579	72%
USA	2,363,566	49%	1,664,010	27%
	4,779,174	100%	6,069,897	100%

**Southern Silver Exploration Corp.**  
**(Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Nine months ended January 31, 2009**

**10. Supplemental Cash Flow Information**

	January 31, 2009	January 31, 2008
Cash Items		
Interest received	\$ 13,593	\$ 162,275
Non-Cash Items		
Investing Activities		
Mineral property costs included in accounts payable	\$ 19,215	\$ 157,677
Mineral property costs included in due to related parties	\$ 2,298	\$ -
Stock-based compensation included in mineral properties	\$ -	\$ 6,276
Financing Activities		
Shares issued for mineral property	\$ 16,376	\$ 67,500
Income tax paid	\$ -	\$ -
Interest paid	\$ -	\$ -

**11. Contingencies and Commitments**

Certain claims have been filed against the Company.

- (a) A claim for US \$80,000 plus 50,000 common shares of the Company relating to a property option agreement. The Company has relinquished the subject property and management believes that the claim has no merit. The claim was instigated in October 1998 and since then no further claims or legal proceedings have taken place.
- (b) A claim for \$6,905 exists relating to a property option agreement. Management believes that the claim has no merit.

These financial statements do not reflect the liability, if any, which may result from these claims as the outcome of either claim is indeterminable at this time. The impact to any outcome will be recorded at the time of settlement and, accordingly, may impact future results of operations and cash flows.

Under a service agreement, as amended, between the Company and a company privately held by a director and an officer of the Company, the Company is charged \$8,000 monthly for office space and general administration services. The agreement may be cancelled at any time upon one year's notice and expires on June 30, 2012. The fee commitment for the next five years is as follows:



**Southern Silver Exploration Corp.**  
**(Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Nine months ended January 31, 2009**

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**11. Contingencies and Commitments, continued**

<b>Year ending April 30,</b>	<b>Commitment \$</b>
2009	24,000
2010	96,000
2011	96,000
2012	96,000
2013	16,000

**Mineral properties interests**

Over the next two years, pursuant to the terms of its option agreements and amendments thereto, the Company has the following commitments to maintain the properties and earn its interests therein.

- (a) Magistral properties:
- Incur an aggregate of at least US\$ 950,000 by July 21, 2009 (Incurred);
  - Incur an aggregate of at least US\$ 1,850,000 by July 21, 2010 (Incurred);
  - Issue 50,000 common shares to Fury Explorations Ltd. on or before July 21, 2009;
  - Issue 50,000 common shares to Fury Explorations Ltd. on or before July 21, 2010.
- (b) Quila property:
- Incur an aggregate of at least US\$ 1,000,000 by January 19, 2010;
  - Issue 100,000 common shares to Soltoro Ltd. on or before January 19, 2010;
  - Incur an aggregate of at least US\$ 1,900,000 by January 19, 2011;
  - Issue 100,000 common shares to Soltoro Ltd. on or before January 19, 2010.
- (c) Altavista Property
- US \$20,000 on or before July 5, 2009;
  - US \$40,000 on or before July 5, 2010.
- (d) Tombstone property.
- US \$200,000 on or before June 1, 2009;
  - US \$300,000 on or before June 1, 2010.

**Southern Silver Exploration Corp.**  
**(Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Nine months ended January 31, 2009**

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**11. Contingencies and Commitments, continued**

**Mineral properties interests, continued**

- (e) Oro property:
  - US \$100,000 on or before August 28, 2009;
  - US \$50,000 on or before December 1, 2009;
  - US \$200,000 on or before August 28, 2010;
  - US \$75,000 on or before December 1, 2010.
  
- (f) Dragoon property:
  - US \$50,000 on or before August 28, 2009;
  - US\$100,000 on or before August 28, 2010.

While option payments are made at the discretion of the Company, management believes it has the ability to raise sufficient funds to meet its property commitments in the foreseeable future.



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**Management's Discussion and Analysis**  
In respect of the nine months ended January 31, 2009  
**Dated: March 17, 2009**

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## **Southern Silver Exploration Corp. (An Exploration Stage Company)**

### **Management's Discussion and Analysis**

In respect of the nine months ended January 31, 2009

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#### **A. Introduction**

The following Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of Southern Silver Exploration Corp., formerly known as Newcoast Silver Mines Ltd., (the "Company") compares results for the nine months ended January 31, 2009 to the same period in the previous year. These statements should be read in conjunction with the unaudited consolidated financial statements for the nine months ended January 31, 2009 and audited consolidated financial statements for the year ended April 30, 2008. All notes referenced herein may be found in the unaudited consolidated financial statements for the nine months ended January 31, 2009.

The Company's financial statements were prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include the accounts of the Company and its wholly owned subsidiaries Minera Plata Del Sur SA De SV (Mexico), Southern Silver Exploration (US) Corp. (USA), and Southern Silver Holdings (British Virgin Island). This MD&A, dated March 17, 2009, was prepared to conform with National Instrument 51-102 F1 and was approved by the Board of Directors prior to its release.

The Company is a reporting issuer in British Columbia and Alberta and its shares trade on the Tier 2 Board of the TSX Venture Exchange ("TSX") under the symbol SSV.

The Company's reporting currency is the Canadian dollar and all dollar amounts are in Canadian dollars, unless otherwise indicated.

Certain forward-looking statements are discussed in the MD&A with respect to the Company's activities and future financial results. These are subject to significant risks and uncertainties that may cause actual results or events to differ materially from projected results or events.

Additional information relating to the Company, including detailed drill results previously disclosed in news releases, is available on the Company's website at [www.southernsilverexploration.com](http://www.southernsilverexploration.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **B. Qualified Person**

Robert W. J. Macdonald, P. Geo., is the qualified person under National Instrument 43-101 *Standards for Disclosure for Mineral Properties* ("NI 43-101") responsible for the technical information included in this MD&A and the supervision of work done in association with the exploration and development programs. Mr. Macdonald graduated with a B.Sc. degree from Memorial University of Newfoundland and a M.Sc. from the University of B.C. His work has focused on vein and intrusive-related gold systems and massive sulfide deposits.

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

**B. Qualified Person, continued**

Adrian Robles Salazar and Dr. Linus Keating, two highly regarded geologists with specialized experience in Mexico and Arizona, respectively, provide consulting services to the Company. Mr. Robles has extensive experience with Mexican projects that was gained through his association with Minera Kennecott S.A. de C.V. and Western Silver Corporation. Dr. Keating is an accomplished exploration geologist with many years of international experience, including 14 years with Rio Tinto (Kennecott), supervising work on porphyry and precious metals projects in Arizona. He has a B.Sc. in Geological Engineering from the University of Arizona, and a Doctorate of Science in Geology from the University of Brussels, Belgium.

**C. Exchange Information and Conversion Tables**

For ease of reference, the following information is provided:

	Canadian Dollars per US Dollar <sup>(1)</sup>		
	Nine months ended		Year ended
	January 31 2009	January 31 2008	April 30 2008
Rate at end of period	1.2265	0.9970	1.0072
Average rate for period	1.2267	0.9920	1.0053
High for period	1.2935	1.0378	1.0265
Low for period	1.1511	0.9057	0.9705

Conversion Table <sup>(2)</sup>		
Imperial		Metric
1 Acre	0.404686	Hectares
1 Foot	0.304800	Meters
1 Mile	1.609344	Kilometres
1 Ton	0.907185	Tonnes
1 Ounce (troy)/ton	34.285700	Grams/Tonne

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

**C. Exchange Information and Conversion Tables, continued**

**Precious metal units and conversion factors <sup>(2)</sup>**

ppb	- Part per billion	1 ppb	0.0010 ppm	=	0.000030 oz/t
ppm	- Part per million	100 ppb	0.1000 ppm	=	0.002920 oz/t
oz	- Ounce (troy)	10,000 ppb	10.0000 ppm	=	0.291670 oz/t
oz/t	- Ounce per ton (avdp.)	1 ppm	1.0000 ug/g	=	1.000000 g/tonne
g	- Gram				
g/tonne	- gram per metric ton	1 oz/t	34.2857 ppm		
mg	- milligram	1 Carat	41.6660 mg/g		
kg	- kilogram	1 ton (avdp.)	907.1848 kg		
ug	- microgram	1 oz (troy)	31.1035 g		

(1) [www.bankofcanada.ca](http://www.bankofcanada.ca)

(2) Information from [www.onlineconversion.com](http://www.onlineconversion.com)

**D. Description of Business**

The Company acquires and explores mineral properties in North America. It is currently exploring for precious and base metals in Mexico (Jalisco and Chihuahua) and the USA (Arizona and New Mexico).

**E. Description of Mineral Properties**

**i) Minas de Ameca Project - Jalisco, Mexico**

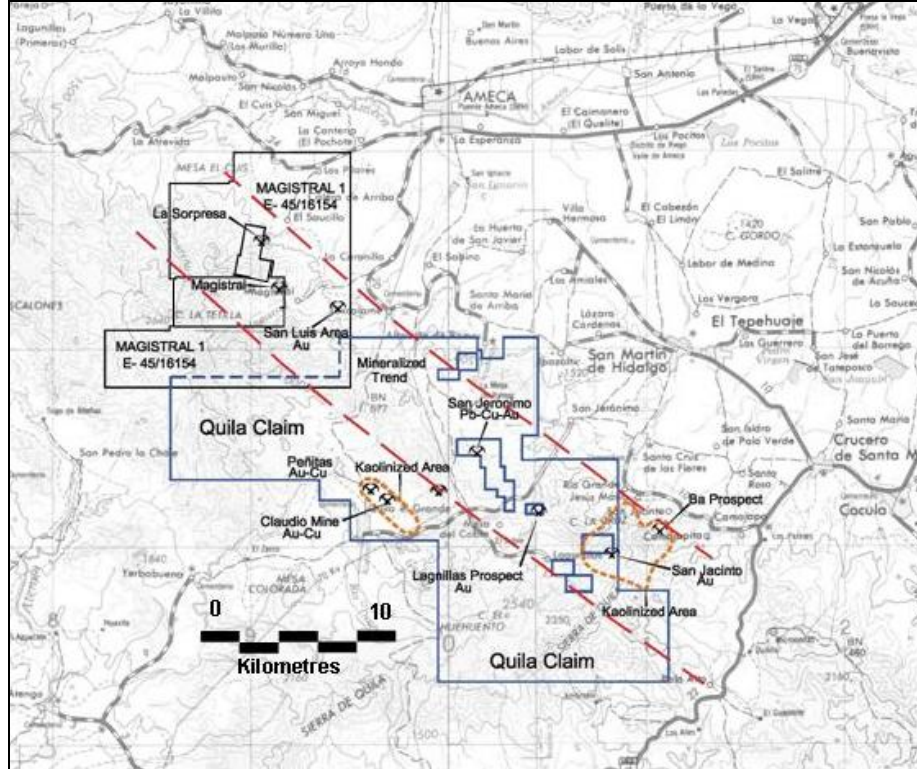
The **Minas de Ameca project** encompasses a 320 sq. km claim package assembled in part through option agreements between the Company and Fury Explorations Ltd. now merged with Golden Predator Mines Inc. and Soltoro Ltd. (see News Releases dated July 17, 2006 and January 22, 2007) together with the purchase from the Mexican Government of the El Magistral claim which includes an historic producing mine from which copper was extracted, with some gold credits, from chalcopyrite, bornite and oxide ores. The concessions that make up the project include the Magistral I claims, the El Magistral claims and the Quila claims. The LaSorpesa concession, which was previously form part of the project was relinquished during the quarter ending October 31, 2008.

**Southern Silver Exploration Corp. (An Exploration Stage Company)**  
Management's Discussion and Analysis  
In respect of the nine months ended January 31, 2009

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**E. Description of Mineral Properties, continued**

**i) Minas de Ameca Project, continued**



The district is located along the western margin of the Sierra Madre Occidental terrane. Geological reconnaissance has identified several strongly mineralized, copper-rich breccias located at volcanic-intrusive contacts and numerous structurally controlled, quartz-hematite vein systems which occur along a 25 km long mineralized trend extending southeast through the project area.

**Magistral I**

Pursuant to an agreement dated July 4, 2006 with Fury Explorations Ltd. ("Fury"), the Company has an option to acquire a 65% interest in the property (see Note 6 (a) to the audited consolidated financial statements dated April 30, 2008).

The Magistral I property is accessible via a series of gravel roads from the town of Ameca (population 50,000), which is located 80 kilometers southwest of Guadalajara.

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

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**E. Description of Mineral Properties, continued**

**i) Minas de Ameca Project, continued**

**Magistral Property – Jalisco, Mexico, continued**

**Magistral I, continued**

Since acquisition, the Company has initiated a systematic program of target generation and evaluation, which utilizes newly available reprocessed airborne geophysical and satellite data, ground geophysics and systematic mapping and sampling of the newly defined target areas. The initial target generated from this work is the San Luis – Cerro de la Cruz vein systems, which were initially tested as part of the Phase II drill program on the adjoining La Sorpresa project. Follow-up drilling started in May, 2007.

Results from the first phase include **an 8.0 metre interval of 1.05 g/t Au and 0.49% Cu within a 30 metre interval grading 0.39 g/t Au and 0.17% Cu**. The second hole reported a **6.85 metre interval of 1.05 g/t Au, 15.7 g/t Ag and 0.55% Cu** within a longer, **14.5 metre interval**, that carried **0.62 g/t Au, 8.78 g/t Ag and 0.31% Cu**. Estimated true thicknesses have not been calculated for these intervals, however, the mineralized zone is believed to be steeply dipping.

A total of 4,832 metres of drilling was completed in 20 drill holes over two phases of drilling on the San Luis vein system and adjacent targets. Seventeen drill holes had tested an 800 metre strike length of the main **San Luis** vein structure and to depths of up to 200 metres. A single drill hole tested the **Cerrito de la Cruz** vein system (07SL-15), located 400 metres to the north of the San Luis vein. Two additional drill holes tested a northeast-trending EM anomaly immediately adjacent to the San Luis vein and a large magnetic anomaly associated with a +1g/t gold surface grab sample located about 1,000 metres to the north of the San Luis vein.

Most recently, 25 line-kilometers of detailed gradient IP geophysics was been completed over portions of the San Luis vein system. The survey showed some correlation between chargeability anomalies and Cu- and Au-enriched drill hole intercepts. Several untested chargeability highs occur to the north of previously tested veins and may represent additional veins within the mineralizing system. Shallow drill testing of these targets is anticipated during the 2009 exploration season



**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

**E. Description of Mineral Properties, continued**

**i) Minas de Ameca Project, continued**

**Magistral Property – Jalisco, Mexico, continued**

**Magistral I, continued**

Significant assays from the 2007-08 drilling program include:

Drill Hole Number	Collar Data			From m	To m	Interval m	Est. True			
	AZ Deg	Dip Deg	Depth m				Thcknss m	Au g/t	Ag g/t	Cu %
07SL-03	180	-71	237.00	179.50	199.20	19.70	9.60	1.01	11.20	0.95
Includes				<b>195.85</b>	<b>199.20</b>	<b>3.35</b>	<b>1.92</b>	<b>5.07</b>	<b>49.81</b>	<b>4.32</b>
				214.10	216.90	2.80	1.61	1.33	9.20	0.84
07SL-04**	180	-60	149.80	24.60	35.25	10.65	9.00	0.13	6.00	0.82
				65.85	69.45	3.60	2.20	0.51	10.00	1.18
				103.25	113.50	10.26	7.25	2.05	12.88	0.34
Includes				<b>107.80</b>	<b>110.30</b>	<b>2.50</b>	<b>1.77</b>	<b>4.58</b>	<b>30.80</b>	<b>0.65</b>
07SL-05**	180	-60	246.00	155.25	159.25	4.00	3.00	0.37	11.80	1.04
				174.95	196.35	21.40	15.13	1.03	12.15	0.58
Includes				<b>187.30</b>	<b>189.80</b>	<b>2.50</b>	<b>1.77</b>	<b>3.44</b>	<b>6.10</b>	<b>2.29</b>
07SL-06	0	-65	351.00	115.15	116.10	0.95	0.61	0.52	2.40	0.06
07SL-07	180	-46	299.20	247.90	250.00	2.10	1.89	0.51	13.70	0.58
07SL-08	190	-50	328.00	<b>258.30</b>	<b>260.40</b>	<b>2.10</b>	<b>1.82</b>	<b>1.01</b>	<b>25.79</b>	<b>1.52</b>
Includes				273.75	284.35	10.60	9.18	1.14	7.70	0.86
Includes				<b>279.80</b>	<b>282.00</b>	<b>2.20</b>	<b>1.91</b>	<b>4.14</b>	<b>11.70</b>	<b>2.40</b>
07SL-09	180	-55	270.00	159.00	161.20	2.20	2.20	0.60	12.92	0.75
				189.90	190.60	0.70	0.55	0.31	13.00	1.22
				202.90	207.60	4.70	3.85	0.45	5.13	0.31
07SL-11	180	-55	152.20	81.40	93.60	12.20	10.57	1.50	1.26	0.28
Includes				<b>86.60</b>	<b>88.60</b>	<b>2.00</b>	<b>1.73</b>	<b>5.92</b>	<b>2.60</b>	<b>0.23</b>
				98.00	100.00	2.00	1.73	1.96	4.20	0.31
07SL-12	180	-50	199.85	122.80	125.20	2.40	1.50	0.52	5.40	0.18
07SL-16	0	-50	198.00	57.15	59.75	2.60	2.00	1.20	2.90	0.08
07SL-17	180	-75	290.00	211.10	215.25	4.15	2.70	0.47	4.70	0.57
07SL-18	180	-61	459.00	102.95	109.80	6.85	4.00	2.02	14.00	0.84
				289.50	292.30	2.80	2.80	0.30	22.00	1.93
08SL-19	180	-74	650.00	163.05	166.60	3.55	2.50	0.12	13.00	0.86

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

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**E. Description of Mineral Properties, continued**

**i) Minas de Ameca Project, continued**

**Magistral Property – Jalisco, Mexico, continued**

**El Magistral – Mexico**

On October 18, 2006, the Company announced that it was the successful bidder in an auction conducted by the Mexican federal government with respect to the sale of the El Magistral mineral concession in the Ameca region in the State of Jalisco, Mexico.

The Company has agreed to purchase the 1,366 hectare mineral concession by the payment of \$15,600 (Mexican Peso 150,000) over a twenty-four month period to earn a 100% interest. (see Note 6 (a) to the audited consolidated financial statements dated April 30, 2008 for further details).

The El Magistral concession adjoins to the south La Sorpresa claims and in turn is bound, to the east and south by the Magistral I concession. This concession forms part of the Magistral I property subject to the terms of its options agreement.

Five core drill holes, of which three were completed to target depth, tested the Magistral Mine target for a total of 747.1 metres of drilling. Several narrow intervals of anomalous silver, copper and precious-metal values were returned from three of the drill holes. Only weakly anomalous values were returned from the drilling.

**Quila Property – Jalisco, Mexico**

On January 19, 2007, the Company signed an agreement to acquire a 70% interest in the Quila Claims, Jalisco, Mexico. (see Note 6 (a) to the audited consolidated financial statements dated April 30, 2008).

A single drill hole has tested the Tres Copales target within the Quila concession. Drilling intersected locally strong argillic alteration, quartz veining and variable pyrite mineralization. Assays from this drill hole returned anomalous silver values but not significant mineralized intervals.

Surface mapping and sampling through the winter of 2008 identified several new drill ready targets at the Altavista and Texcalame prospects. Gold and copper mineralization is widely distributed throughout a 20 sq kilometre area in the northern portion of the Quila claims where up to 3.8 metres of 7.12 g/t gold with strongly anomalous copper and silver values were returned from channel, chip and grab sampling.

A Phase I core drilling program started in May 2008 to follow up on the surface anomalies. To date, 1435 metres of core drilling in seven holes has been completed at the Altavista prospect. Sampling of the core is completed.

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

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**E. Description of Mineral Properties, continued**

**i) Minas de Ameca Project, continued**

**Quila Property – Jalisco, Mexico**

Generally weak copper and gold anomalies were identified in drilling at the Altavista and Texcalame prospects as mineralization appears to be localized within sub-horizontal, manto-like bodies. Further mapping and sampling is in progress around these occurrences in an effort to find feeders to the surface mineralization.

**La Sorpresa Property – Jalisco, Mexico**

During the quarter ended October 31, 2008, the Company relinquished its right to the property and, accordingly, \$1,378,510 (acquisition costs of \$246,920 and \$1,131,590 in exploration cost) was written off and included in the statement of operations and deficit.

**ii) Pinabete Property – Chihuahua, Mexico**

During the quarter ended October 31, 2008, the Company relinquished its right to the property and, accordingly, \$1,181,766 (acquisition costs of \$190,810 and \$990,956 in exploration cost) was written off and included in the statement of operations and deficit.

**iii) Tombstone Property – Arizona, USA**

Pursuant to an agreement dated May 26, 2005, the Company entered into an option to acquire the Tombstone project, a multi-target, precious and base metal exploration prospect located six kilometers southwest of the town of Tombstone, Arizona (see Note 6 (d) to the audited consolidated financial statements dated April 30, 2008 for details on the option agreement).

Bonanza silver ores, totaling over 50 million metric tonnes were mined from the Tombstone District in the late 1800's and early 1900's from clusters of Ag-Pb-Mn-rich carbonate replacement bodies in the highly prospective Cretaceous-age lower Bisbee formation and underlying Paleozoic limestones, spatially associated with a prominent district-wide magnetic high.

Mineralization on the property is hosted along a series of east-northeast-trending structures up to 600 meters in exposed length. Mineralized fault breccias along these structures progress easterly and southerly from silver-lead-manganese-rich on the west, to more copper-silver-rich towards the east gravel-covered target area. Mineralization along these structures is interpreted as leakage from a more robust mineralizing system hosted by more favorable lithologies at depth and to the east.

Although not exposed at the surface on the Tombstone South property, the Lowermost Bisbee Group and the Paleozoic-age Naco Formation are inferred to be present at relatively shallow depths (<400 metres) based on surface mapping.

## **Southern Silver Exploration Corp. (An Exploration Stage Company)**

### **Management's Discussion and Analysis**

In respect of the nine months ended January 31, 2009

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#### **E. Description of Mineral Properties, continued**

##### **iii) Tombstone Property – Arizona, USA**

Elsewhere in Arizona these units host significant mines, such as those at Bisbee (2.8 MMoz Au, 102 MMoz Ag and 7.8 billion lbs Cu), Christmas (0.36 billion lbs Cu) and Magma (0.7 MMoz Au, 34.5MMoz Ag and 2.5 billion lbs Cu).

Initial drill testing of the property was completed in June 2008. Five holes comprising 2,164 metres tested stratigraphy, structures and two of the mineralized, east-northeast-trending fracture zones. Two of the five holes successfully intersected mineralized horizons. One hole was not completed to the target depth due to drilling difficulties.

Results included 4.8 metres averaging 42.4g/t Ag and 2.2% Pb and 4.5% Zn from drill hole TS07-01 and 5.3 metres averaging 61g/t Ag, 0.68% Pb and 0.98% Zn from drill hole TS07-03. Drilling was successful in identifying mineralization along two prominent east northeast-directed faults, which form a 1.6 kilometer wide structural corridor transecting the property. Priority follow-up targets are the intersection of these east-northeast-trending structures and favorable sedimentary rock exposed on the eastern margin of the property. Surface mapping of the target area is planned for the second quarter 2009 with drill follow-up of up to 2000 metres in six RC drill holes anticipated in late 2009.

##### **iv) Oro Property – New Mexico, USA**

On August 28, 2006, the Company entered into an agreement to acquire a 100% interest in the Oro Claims, a prospect in Grant County, New Mexico from Philip Sterling.

On October 26, 2007, the Company entered into an agreement to earn a 100% interest in the American Mine claims, New Mexico, USA consisting of eight patented lode-mining claims inclusive of surface rights to contiguous property. The American Mine claims are adjacent to Oro property claims and are reported under Oro property claims. (See Note 6 (e) to the audited consolidated financial statements dated April 30, 2008 for further details on these agreements).

The Company has compiled available historical data, mapped the area and carried out a rock and biogeochemical sampling over a mineralized corridor largely untested by modern exploration. Geological mapping indicates the presence of a prospective northwest trending structural zone.

Grab samples of vein material and the biogeochemical survey consistently returned high values of gold, silver, copper, lead and zinc and anomalous values of manganese and antimony which are indicative of a widespread and zoned mineral system with the potential to develop both copper-gold porphyry and silver-rich, polymetallic skarn/carbonate replacement deposits.

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

**E. Description of Mineral Properties, continued**

**iv) Oro Property – New Mexico, USA, continued**

The phase one drilling program, planned for 2009 and consisting of up to 1,500 metres is designed to test both high-grade structures below levels of historic mining and prospective Cretaceous-age stratigraphy within the mineralized corridor identified through surface mapping.

**v) Dragoon Property – Arizona, USA**

On August 28, 2007, the Company, through its subsidiary in the USA, signed a letter agreement to enter into an option to acquire a 100% interest in Dragoon claims, Cochise County, Arizona. (see Note 6 (f) to the audited consolidated financial statements dated April 30, 2008 for further details on this agreement ).

**F. Mineral Properties Deferred Costs**

Information on all mineral property expenses by property can be found in Note 6 of the unaudited consolidated financial statements dated January 31, 2009. The deferred mineral property costs as at January 31, 2009 were as follows:

	<b>Balance</b>	<b>Additions</b>				<b>Total</b>
	<b>April 30, 2008</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Year to Date</b>	<b>January 31, 2009</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Minas de Ameca	3,237,387	292,235	(1,287,014)	120,312	(874,467)	2,362,920
Pinabete	1,096,822	84,944	(1,181,766)	-	(1,096,822)	-
Tombstone	1,308,365	395,386	46,840	10,067	452,293	1,760,658
Oro	277,527	19,665	81,009	100,236	200,910	478,437
Dragoon	67,925	8,706	35,843	-	44,549	112,474
<b>Total</b>	<b>5,988,026</b>	<b>800,936</b>	<b>(2,305,088)</b>	<b>230,615</b>	<b>(1,273,537)</b>	<b>4,714,489</b>

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

**F. Mineral Properties Deferred Costs**

	<b>Minas de Ameca</b>	<b>Tombstone</b>	<b>Oro</b>	<b>Dragoon</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Acquisition	340,407	305,802	320,170	67,029	1,033,408
Advances	3,991	-	-	-	3,991
Assays & geochemistry	94,747	26,216	8,742	-	129,705
Camp, Utilities and Supplies	45,634	65,132	9,634	1,321	121,721
Drilling services	873,989	642,468	-	-	1,516,457
Equipment/rentals/Supplies	171,804	100,936	9,262	766	282,768
Geological & Geophysics	342,341	511,405	105,694	36,803	996,243
General exploration	73,142	25,329	2,426	1,073	101,970
Project supervision	250,015	41,840	3,492	2,486	297,833
Project support	126,389	2,018	10,842	1,395	140,644
Travel	34,939	24,390	7,345	1,014	67,688
Stock Base Compensation	5,522	6,175	830	587	13,114
Environmental	-	8,947	-	-	8,947
<b>Total as at January 31, 2009</b>	<b>2,362,920</b>	<b>1,760,658</b>	<b>478,437</b>	<b>112,474</b>	<b>4,714,489</b>

**F. Results of Operations**

	<b>Nine months ended January 31,</b>		<b>Variance</b>	
	<b>2009</b>	<b>2008</b>	<b>Increase/(Decrease)</b>	
	\$	\$	\$	%
<b>Expenses</b>				
Administration	72,000	84,000	(12,000)	(14)%
Consulting services	203,057	214,669	(11,612)	(5)%
Investor relations	121,860	139,759	(17,899)	(13)%
Office and general	81,757	69,096	12,661	18%
Professional fees	161,115	105,300	55,815	53%
Regulatory fees and taxes	19,873	7,301	12,572	172%
Travel and promotion	30,960	95,953	(64,993)	(68)%
Shareholders' communications	6,253	17,727	(11,474)	(65)%
Stock-based compensation	9,999	58,692	(48,693)	(83)%
<b>Other Items</b>				
Interest income	(24,268)	(163,688)	(139,420)	85%
Foreign exchange loss/(gain)	(244,357)	499,262	(743,619)	(149)%
General exploration	75,970	27,444	48,526	177%
Write-off of mineral properties	2,560,276	-	2,560,276	N/A

## Southern Silver Exploration Corp. (An Exploration Stage Company)

### Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

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#### G. Results of Operations, continued

The Company reported a net loss of \$3,122,274 for the nine months ended January 31, 2009 ("2009") compared to a net loss of \$1,205,312 for the nine months ended January 31, 2008 ("2008"). This increase in net loss of \$1,916,962 was primarily due to write-off of mineral properties.

Stock-based compensation is a non-cash item representing the fair value determined under the Black-Scholes model of the vested portion of existing options, which was allocated to the Consolidated Statement of Operations and Deficit. During the nine months ended January 31, 2009 the Company expensed \$ 9,999 (2008 - \$58,692) as stock based compensation.

Excluding stock-based compensation and write-off of mineral property, the loss in 2009 was \$551,999 compared to the loss of \$1,146,620 in 2008. This decrease of \$594,621 was primarily due to the following:

- i) Administration fees decreased in accordance with the administrative agreement entered in to by the Company, with a related party (see Note J of this MD&A).
- ii) Investor relations fees decreased due to decrease in investor relations activities.
- iii) Office and general expenses increased due to an increase in the time expended administering the company.
- iv) Professional fees increased due to an increased requirement for professional services.
- v) Regulatory fees and taxes increased due to an increase in taxes paid during the period in respect of the foreign subsidiaries.
- vi) Travel and promotion costs decreased due to decrease in travel for trade shows and analyst meetings.
- vii) Shareholders' communications costs decreased due to the decrease in the number of news releases and dissemination costs.
- viii) Interest income decreased due to decrease in cash available for placement.
- ix) Foreign exchange loss decreased due to favorable exchange rate prevailed during the period.
- x) General exploration expenses increased due to an increase in the consideration of potential new properties.

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

**H. Quarterly Results**

The following financial data was derived from the Company's consolidated financial statements for the current and eight previous quarters:

	Three months ended								
	Jan 31,	Oct 31,	Jul 31,	Apr 30,	Jan 31,	Oct 31,	Jul 31,	Apr 30,	Jan 31,
	2009	2008	2008	2008	2008	2007	2007	2007	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating expenses	217,366	218,340	308,947	292,837	273,600	250,494	259,508	465,062	243,184
Interest earned	(13,593)	(3,316)	(7,359)	(17,647)	(39,877)	(54,651)	(69,160)	(58,057)	(11,275)
Foreign exchange loss (gain)	(23,261)	(197,900)	(23,196)	(11,000)	(147,178)	414,958	231,482	235,411	(31,309)
General exploration	29,602	34,124	12,245	(1,334)	13,371	9,085	4,988	998	15,548
Write off of mineral properties	-	2,560,276	-	158,313	-	-	-	-	-
Loss before the following items	210,114	2,611,524	290,637	421,169	99,916	619,886	426,818	643,414	216,148
Stock-based compensation	-	-	9,999	110,631	4,606	54,086	-	783,834	-
<b>Net Loss</b>	<b>210,114</b>	<b>2,611,524</b>	<b>300,636</b>	<b>531,800</b>	<b>104,522</b>	<b>673,972</b>	<b>426,818</b>	<b>1,427,248</b>	<b>216,148</b>
Loss per share - basic	\$0.00	\$0.06	\$0.01	\$0.01	\$0.00	\$0.02	\$0.01	\$0.05	\$0.01

**I. Selected Financial Information**

The following financial data was derived from the Company's consolidated financial statements as at the following dates:

Selected Financial Information	January 31, 2009	April 30, 2008	January 31, 2008
	\$	\$	\$
Cash and cash equivalents	873,199	2,575,224	3,695,667
Working capital	807,281	2,613,107	3,793,005
Total assets	5,702,744	9,031,488	9,356,729
Shareholders' equity	5,586,455	8,683,004	9,095,217
Accumulated deficit	16,113,215	12,990,941	12,459,141
Number of shares - issued and outstanding	42,824,321	42,669,321	42,699,321



## **Southern Silver Exploration Corp. (An Exploration Stage Company)**

### **Management's Discussion and Analysis**

In respect of the nine months ended January 31, 2009

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#### **J. Related Parties Transactions**

The Company entered into the following related party transactions during the nine months ended January 31, 2009:

(a) Under the service agreement, as amended, between the Company and a company privately held by a director and an officer of the Company, the Company was charged for office space and administrative services, professional services, consulting services, investor relations services, geological services and a mark-up for out-of-pocket expenses. Total expenses charged for the nine months ended January 31, 2009 were \$252,229. Amounts payable under the agreement as at January 31, 2009 were \$25,160. Prepayment of \$8,000 was made in relation to the office space and administration services.

(b) Pursuant to a consulting agreement, as amended, between the Company and the President of the Company, the Company was charged \$ 84,240 for consulting services.

(c) Fees in the amount of \$40,308 were charged by a law firm controlled by a director and an officer of the Company and included in investor relations, professional fees and mineral property expenditures. Amounts payable as at January 31, 2009 were \$5,593.

(d) Consulting fees relating to corporate development of \$54,000 were charged by a private company controlled by a director and an officer of the Company. Amounts payable as at January 31, 2009 were \$6,300.

(e) Consulting fees relating to office administration of \$18,000 were charged by a private company controlled by an officer of the Company.

These transactions are in the normal course of operations and are consistent with industry standards. These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

For information regarding related party expenditures, refer to Note 7 of the unaudited consolidated financial statements dated January 31, 2009.

#### **K. Financial Conditions, Liquidity and Capital Resources**

The Company has limited financial resources and finances its operations by raising capital in the equity markets. For the near future, the Company will need to rely on the sale of such securities and/or enter into joint venture agreements with third parties to provide working capital and to finance its mineral property acquisition and exploration activities. Since the Company does not generate any revenue from operations, its long-term profitability will be directly related to the success of its mineral property acquisition and exploration activities.

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

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**K. Financial Conditions, Liquidity and Capital Resources, continued**

The Company had a working capital of \$807,281 as at January 31, 2009 compared to \$2,613,107 as at April 30, 2008. Cash and cash equivalents totaled \$873,199, and \$2,575,224 respectively.

**i) Equity financings**

The Company did not announce or complete any private placements for the nine months ended January 31, 2009.

On January 14, 2009, the Company issued 75,000 common shares at a fair value of \$0.075 per share, \$5,626 in total, pursuant to an option agreement to acquire a 70% interest in the Quila claims, Jalisco, Mexican mining exploration concession (refer Note 6(a) of the audited consolidated financial statements as at April 30, 2008).

On July 18, 2008, the Company issued 50,000 common shares at a fair value of \$0.215 per share, \$10,750 in total, pursuant to an option agreement to acquire a 65% interest in the Magistral I, Mexican mining exploration concession (refer Note 6(a) of the audited financial statements as at April 30, 2008).

**ii) Funds raised by stock options and share purchase warrants exercise**

The Company did not raise any funds by stock options or share purchase warrants exercise during the nine months ended January 31, 2009.

**iii) Mineral properties expenditures**

During the nine months ended January 31, 2009, the Company expended \$1,500,320 on mineral properties (net of shares issued for acquisition costs and ending balance of accounts payable for mineral properties).

**iv) Amounts receivable**

As at January 31, 2009, the Company had a total of \$18,839 of GST and the equivalent tax in Mexico and Germany.

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

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**K. Financial Conditions, Liquidity and Capital Resources, continued**

**v) Commitments**

**Mineral properties interests**

Over the next two years, pursuant to the terms of its option agreements and amendments thereto, the Company has the following commitments to maintain the properties and earn its interests therein:

(a) Magistral properties:

- Incur an aggregate of at least US\$ 950,000 by July 21, 2009 (Incurred);
- Incur an aggregate of at least US\$ 1,850,000 by July 21, 2010 (Incurred);
- Issue 50,000 common shares to Fury Explorations Ltd. on or before July 21, 2009;
- Issue 50,000 common shares to Fury Explorations Ltd. on or before July 21, 2010.

(b) Quila property:

- Incur an aggregate of at least US\$ 1,000,000 by January 19, 2010;
- Issue 100,000 common shares to Soltoro Ltd. on or before January 19, 2010;
- Incur an aggregate of at least US\$ 1,900,000 by January 19, 2011;
- Issue 100,000 common shares to Soltoro Ltd. on or before January 19, 2010.

(c) Altavista Property

- US \$20,000 on or before July 5, 2009;
- US \$40,000 on or before July 5, 2010.

(d) Tombstone property.

- US \$200,000 on or before June 1, 2009;
- US \$300,000 on or before June 1, 2010.

(e) Oro property:

- US \$100,000 on or before August 28, 2009;
- US \$50,000 on or before December 1, 2009;
- US \$200,000 on or before August 28, 2010;
- US \$75,000 on or before December 1, 2010.

(f) Dragoon property:

- US \$50,000 on or before August 28, 2009;
- US\$100,000 on or before August 28, 2010.

While option payments are made at the discretion of the Company, management believes it has the ability to raise sufficient funds to meet its property commitments in the foreseeable future.

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

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**K. Financial Conditions, Liquidity and Capital Resources, continued**

v) **Commitments, continued**

**Other commitments**

- (a) Pursuant to an agreement dated November 01, 2007 (see Note J of this MD&A) the Company has committed to pay \$96,000 per year (\$8,000 per month) to a company privately held by a director and an officer of the Company for office space and general administrative services. The agreement may be cancelled at any time upon one year's notice and expires on June 30, 2012.

vi) **Contingencies**

- (a) A claim for US \$80,000 plus 50,000 common shares of the Company relating to a property option agreement. The Company has relinquished the subject property and management believes that the claim has no merit. The claim was instigated in October 1998 and since then no further claims or legal proceedings have taken place.
- (b) A claim for \$6,905 exists relating to a property option agreement. Management believes that the claim has no merit.

Financial statements of the Company do not reflect the liability, if any, which may result from these claims as the outcome of either claim, is indeterminable at this time. The impact to any outcome will be recorded at the time of settlement and, accordingly, may impact future results of operations and cash flows.

**L. Outstanding Shares, Options and Share Purchase Warrants**

i) **Issued and outstanding shares**

The authorized share capital of the Company is unlimited. The issued share capital as at March 17, 2009 is as follows:

	<b>Number of Shares</b>	<b>Total \$</b>
Balance as at January 31, 2009	42,824,321	18,996,984
Transaction for the period	-	-
<b>Balance</b>	<b>42,824,321</b>	<b>18,996,984</b>

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

**L. Outstanding Shares, Options and Share Purchase Warrants, continued**

**ii) Share Purchase Warrants**

Warrants outstanding at March 17, 2009 are as follows:

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Balance January 31, 2009</b>	<b>Cancelled or Expired</b>	<b>Balance March 17, 2009</b>
\$0.60	February 24, 2010	6,500,000	-	6,500,000
\$0.60	February 24, 2009	164,700	164,700	-
		<b>6,664,700</b>	<b>164,700</b>	<b>6,500,000</b>
Weighted average exercise price		\$0.60	\$0.60	\$0.60

On December 10, 2008 the Company extended the expiry date of 6,500,000 share purchase warrants from February 24, 2009 to February 24, 2010 (exercise price \$ 0.60).

**iii) Stock Options**

Stock options outstanding at March 17, 2009 are as follows:

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Balance March 17, 2009</b>
\$0.65	December 10, 2010	827,500
\$0.30	October 13, 2010	205,000
\$0.51	November 8, 2010	415,000
\$0.83	January 16, 2011	190,000
\$0.82	March 27, 2011	125,000
\$0.88	June 1, 2011	460,000
\$0.58	March 1, 2012	1,210,000
\$0.58	March 26, 2012	100,000
\$0.58	October 19, 2012	25,000
\$0.58	December 4, 2012	25,000
\$0.21	March 26, 2013	550,000
		<b>4,132,500</b>
Weighted average exercise price		\$0.58

**Southern Silver Exploration Corp. (An Exploration Stage Company)**

Management's Discussion and Analysis

In respect of the nine months ended January 31, 2009

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**L. Outstanding Shares, Options and Share Purchase Warrants, continued**

**iv) Agents' Options**

As a part of a private placement, which closed in February 2007, options were granted to agents. Each agent's option, exercisable at \$0.50 per unit, entitles the agent to one unit with each unit consisting of one common share and one-half of one share purchase warrant. Each full warrant entitles the holder to acquire one common share at \$0.60 per share until February 24, 2009. Both the option and the underlying warrant expire on February 24, 2009. Agents' options outstanding as at March 17, 2009 were as follows:

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Balance April 30, 2008</b>	<b>Cancelled or Expired</b>	<b>Balance March 17, 2009</b>
\$0.50	February 24, 2009	645,000	645,000	-

**M. Subsequent Events and Outlook**

There are no events subsequent to the date of this document.

**N. Financial Instruments**

The carrying values of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and related parties' accounts payable approximate their fair values because of the short-term maturity of these financial instruments.

**O. Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

**P. Use of Estimates**

Preparing financial statements requires management to make estimates and assumptions that affect the reported results. The estimates are based on historical experience and other assumptions believed to be reasonable under the circumstances. Critical accounting policies are disclosed in the annual audited financial statements.

## **Southern Silver Exploration Corp. (An Exploration Stage Company)**

### **Management's Discussion and Analysis**

In respect of the nine months ended January 31, 2009

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#### **Q. Disclosure Controls and Procedures**

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three independent directors, who meet at least quarterly with management and, at least annually with the external auditors to review accounting, internal control, financial reporting, and audit matters.

Effective August, 2005, the Audit Committee adopted resolutions authorizing the establishment of procedures for complaints received regarding accounting, internal controls or auditing matters, and for a confidential, anonymous submission procedure for employees who have concerns regarding questionable accounting or auditing matters. The implementation of the whistleblower policy is in accordance with new requirements pursuant to Multilateral Instrument 52-110 Audit Committees, National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices.

#### **R. Risks and Uncertainties**

The principal business of the Company is the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of development, the following risk factors, among others, should be considered.

The Company does not hold any known mineral reserves of any kind and does not generate any revenues from production. The Company's success will depend largely upon its ability to locate commercially productive mineral reserves. Mineral exploration is highly speculative in nature, involves many risks and frequently is non productive. There is no assurance that exploration efforts will be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the level of geological and technical expertise, and the quality of property available for exploration.

Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that our exploration programs will result in the establishment or expansion of resources or reserves.

## **Southern Silver Exploration Corp. (An Exploration Stage Company)**

### **Management's Discussion and Analysis**

In respect of the nine months ended January 31, 2009

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#### **R. Risks and Uncertainties, continued**

Since the Company does not generate any revenues, it may not have sufficient financial resources to undertake by itself all of its planned mineral property acquisition and exploration activities. Operations will continue to be financed primarily through the sale of securities.

The Company will need to continue its reliance on the sale of such securities for future financing, which may result in dilution to existing shareholders. Furthermore, the amount of additional funds required may not be available under favourable terms, if at all, and will depend largely on the acquisition and exploration activities pursued.

The ability to attract capital to the Company is dependent on movements in commodity prices. Commodity prices fluctuate on a daily basis and they are affected by a number of factors beyond the control of the Company. If, because of a sustained decline in prices, financing were not available to meet cash operating costs, the feasibility of continuing operations would be evaluated and, if warranted, discontinued.

The resource industry is intensively competitive in all of its phases, and the Company competes with many other companies possessing much greater financial and technical resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped properties. The principal competitive factors in the acquisition of prospective properties include the staff and data necessary to identify and investigate such properties, and the financial resources necessary to acquire and develop the projects. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration.

The Company conducts exploration activities in Mexico and the USA, and is subject to various federal, provincial, state laws, rules and regulations, including environmental legislation. The Company has adopted environmental practices designed to ensure that it continues to comply with environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation. Environmental hazards may exist on the Company's properties, which may have been caused by previous or existing owners or operators of the properties. The Company is not aware of any environmental hazards on any of the properties held by the Company.

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interest may be subject to prior unregistered agreements or transfers, aboriginal land claims, government expropriation and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties.

The Company is dependent on a relatively small number of key directors, officers and senior personnel. Loss of any one of those persons could have an adverse affect on the Company. The Company does not currently maintain "key-man" insurance in respect of any of its management.



## **Southern Silver Exploration Corp. (An Exploration Stage Company)**

### **Management's Discussion and Analysis**

In respect of the nine months ended January 31, 2009

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#### **S. Changes in Accounting Policies, Including Initial Adoptions**

Effective May 1, 2008 the Company adopted the following new Canadian Accounting Standards Board accounting standards dealing with the recognition, measurement and disclosure of financial instruments, hedges and comprehensive income, together with many consequential changes throughout the CICA Handbook. The most significant new standards are as follows:

- (i) Effective May 1, 2008, the Company adopted CICA Handbook Sections 3862 and 3863, which describe the required disclosures and presentations related to the significance of financial instruments on the Company's financial position and performance, the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. Risk exposure arising from financial instruments disclosed in Note 3 to the unaudited financial statements for the quarter ended January 31, 2009.
- (ii) Effective May 1, 2008, the Company adopted CICA Handbook Section 1535, which establishes standards for disclosing information about a company's capital and how it is managed to enable users of financial statements to evaluate the company's objectives, policies and procedures for managing capital, as well as consequences of non compliance. Please refer Note 4 to the unaudited financial statements for the quarter ended January 31, 2009.
- (iii) Effective May 1, 2008, the Company adopted CICA Handbook Section 1400, which establishes standards for financial statement presentation, which requires management to make an assessment of a company's ability to continue as a going concern. When the financial statements are not prepared on a going concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going concern. Please refer Note 1 and Note 4 to the unaudited financial statements for the quarter ended January 31, 2009.

In February 2008, the Canadian Accounting Standards Board confirmed that the publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter ending July 31, 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data system, internal control over financial reporting, and disclosure controls and procedures. The Company is currently evaluating the future impact of IFRS on its financial statements and will continue to invest in training and additional resources to ensure a timely conversion.

## **Southern Silver Exploration Corp. (An Exploration Stage Company)**

### **Management's Discussion and Analysis**

In respect of the nine months ended January 31, 2009

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#### **T. Licenses and Permits**

The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations for work in progress and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

#### **U. Proposed Transactions**

Other than normal course review of monthly submittals, there are no new acquisitions or proposed transactions contemplated as at the date of this report.

#### **V. Forward-Looking Statements**

Some of the statements contained in this MD&A may be deemed "forward-looking statements." These include estimates and statements that describe the Company's future plans, objectives or goals, and expectations of a stated condition or occurrence.

Forward-looking statements may be identified by the use of words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual results relating to, among other things, results of exploration, reclamation, capital costs, and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as but not limited to; changes in general economic conditions and conditions in the financial markets; changes in demand and prices for the minerals the Company expects to produce; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; and changing foreign exchange rates and other matters discussed in this MD&A.

Readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, are included in the filings by the Company with securities regulatory authorities. The Company does not assume any obligation to update or revise any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws, whether as a result of new information, future events or otherwise.