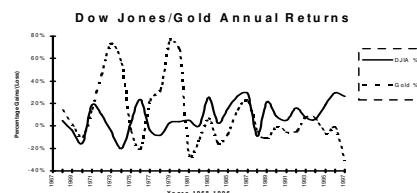




# Gold



## Energy & Tech Stocks

Weekly Hotline Message (Now in our 40th Year) October 8, 2021

New Coverage (2021-10-08)

### Southern Silver Exploration Corp.



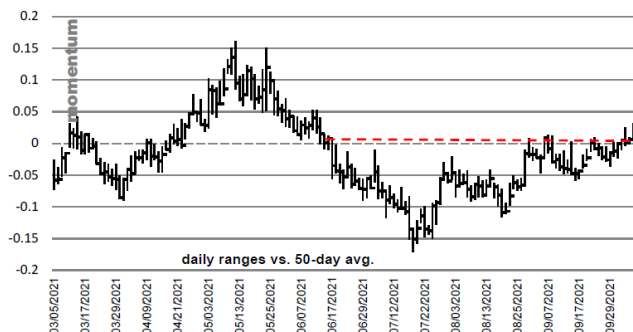
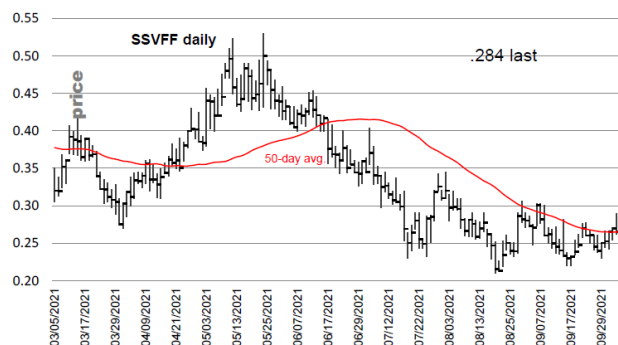
**Business:** Exploration for silver and base metals in Mexico and New Mexico.

Trades Toronto: SSV  
 USOTC: SSVFF  
 Shares Outstanding: 264,939,254  
 Price 10/8/21: US\$0.305  
 Market Cap: US\$81 million  
 Fully Diluted Shares<sup>1</sup>: ~375 million  
 Current Cash Position (Sept. 2021): ~C\$15.5 million  
 Resource (AgEq ounces)<sup>2</sup>: 272 million  
 Progress Rating: A-3  
 Telephone Number: (604) 684-9384

<sup>1</sup>20.5 million options with a weighted average exercise price of C\$0.37 and an average remaining term of 3.5 years. Also 74.5 million warrants with a weighted price of C\$0.27/share and an average remaining term of 2.3 years. <sup>2</sup>An AgEq breakdown and ZnEq breakdown by 43-101 category as well as by metal and mineralized zone is provided in the following table:

Indicated															
Zone	Tonnes (Kt)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au (g/t)	AgEq (g/t)	ZnEq (%)	Ag TrOz (000's)	Au TrOz (000's)	Pb (Mlbs)	Zn (Mlbs)	Cu Lbs (Mlbs)	AgEq TrOz (000's)	ZnEq Lbs (Mlbs)
Blind Zone	2,007	103	0.12	2.0	2.3	0.04	310	8.0	6,647	3	90	103	5.2	19,983	354
El Sol Zone	978	83	0.09	2.3	2.2	0.04	291	7.5	2,600	1	50	47	2.0	9,168	162
Las Victorias	870	141	0.17	2.0	2.8	0.62	385	10.0	3,949	17	39	53	3.2	10,775	191
Skarn Front	7,246	104	0.19	0.8	4.3	0.06	403	8.1	24,290	14	125	694	29.7	93,965	1,299
<b>Total</b>	<b>11,102</b>	<b>105</b>	<b>0.16</b>	<b>1.2</b>	<b>3.7</b>	<b>0.10</b>	<b>375</b>	<b>8.2</b>	<b>37,485</b>	<b>35</b>	<b>303</b>	<b>897</b>	<b>40</b>	<b>133,891</b>	<b>2,006</b>

Inferred															
Zone	Tonnes (Kt)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au (g/t)	AgEq (g/t)	ZnEq (%)	Ag TrOz (000's)	Au TrOz (000's)	Pb (Mlbs)	Zn (Mlbs)	Cu Lbs (Mlbs)	AgEq TrOz (000's)	ZnEq Lbs (Mlbs)
Blind Zone	1,261	80	0.08	1.4	2.0	0.17	243	6.2	3,258	7	38	56	2	9,848	173
El Sol Zone	794	65	0.05	1.9	2.4	0.03	262	6.6	1,669	1	33	42	1	6,695	116
Las Victorias	216	180	0.06	2.7	2.1	0.90	416	11.0	1,252	6	13	10	0	2,892	53
Skarn Front	10,573	116	0.31	0.7	3.0	0.05	349	7.3	39,569	17	169	689	73	118,684	1,701
<b>Total</b>	<b>12,844</b>	<b>111</b>	<b>0.27</b>	<b>0.9</b>	<b>2.8</b>	<b>0.07</b>	<b>334</b>	<b>7.2</b>	<b>45,749</b>	<b>31</b>	<b>253</b>	<b>796</b>	<b>76</b>	<b>138,119</b>	<b>2,043</b>



It isn't often that I pick up a junior exploration stock on bases from chartists, but when Michael Oliver sent out a series of charts for junior miners and when I saw Southern Silver not only breaking out relative to the GDX but also Michael's momentum work showing a clear breakout, I took a look at the fundamentals of this company.

The resource numbers posted above are from the company's flagship **Cerro Las Minitas Project**. It is one of the largest and highest-grade undeveloped silver projects in the world in the

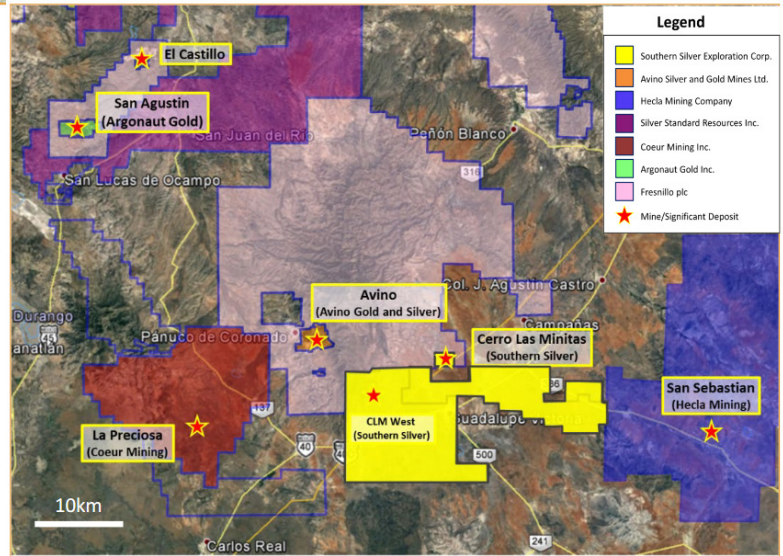


well-established silver mining district in Durango, Mexico, near several major mining companies. The resource shown above is expected to be increased by ~30% when an updated resource calculation is completed. That should be one driver for these shares. Another is an anticipated Preliminary Economic Assessment in Q1 of 2022. In the meantime, Southern Silver has two more greenfield exploration properties located on the east side of the Cerro Las Minitas Project that should provide a source for continued exploration and development of polymetallic resources. Those two properties are the Mina La Bocona and the South Skarn. Also shown on the map on your left is the location of the Oro Property, which is a porphyry copper-gold target that is on the back burner for the time being, though a six-hole 4,000-meter drill program has been established.

The primary focus is the Cerro Las Minitas (CLM) Property, the location of which is seen on your right in yellow. CLM covers an area of 345 square kilometers. It is located 70 km northeast of Durango with highway/road and power access. The CLM West Claims added to the

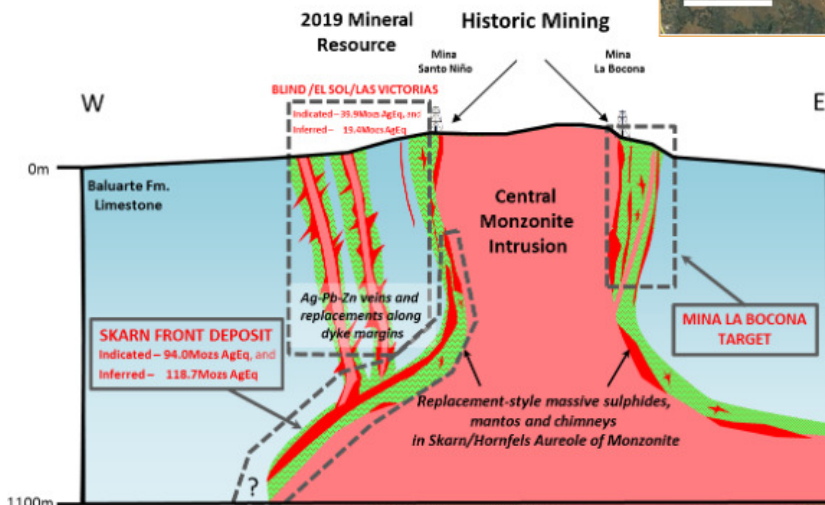
company in 2017 is one trend with the nearby Avino AG-Au Mine run by Avino Silver and Gold, which is also covered in this letter.

The project is described as a silver-lead-zinc skarn model with a central monzonite intrusion that acts as the heat pump to the mineralizing system. Historic mines are located on the margins on either side of the intrusion. Mineralization is located in sub-vertical structures and on dyke margins in the Blind and El Sol deposits, and semi-massive and massive sulfide lenses occur at the marble-skarn transition and adjacent to the monzonite contact in the Skarn Front Deposit. These systems can obviously extend to



considerable depths beyond the company's current resource.

Metallurgy is always a question when dealing with polymetallic projects. Management reports that test work has successfully separated saleable copper, lead, and zinc concentrates from the Skarn Front and Blind-El Sol composites. Results look okay but with considerable differences between deposits. I would expect ongoing metallurgical testing work as the company continues to build its silver rich deposit.



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**Management** is headed by Lawrence Page (LL.B, QC), president and director. Lawrence has been serving in management roles in a number of prominent exploration and mining companies. Major projects and mines involved have been at Peñasquito in Mexico, Hemlo in Ontario, and Eskay Creek in B.C. Rob MacDonald is V.P. of exploration and has served as a geologist on several projects in the past. The board is made up of both technical and financial talent that seems suited to serve shareholders well.

### **The Bottom Line**

A recent consolidation of property interest giving Southern Silver 100% of the CLM Project has given the company significant scale and freedom to move more aggressively with its exploration efforts. The markets obviously liked the move. The share price breakout even before we have seen any significant to upward price movement for silver is what caught my attention but potential share price drivers like an anticipated 30% increase in the company's resource as well as preliminary economic studies in the first quarter of 2022 are also seen as a plus. Not mentioned above but noteworthy is that CLM is not only located among other noted silver mining companies in Mexico but those projects are also located in agricultural areas noted for their non narcotic crop production. A capable management team combined with the need to add some silver exposure to this letter were all considerations for beginning coverage on this company at this point in time.

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