

Growth Stocks Weekly

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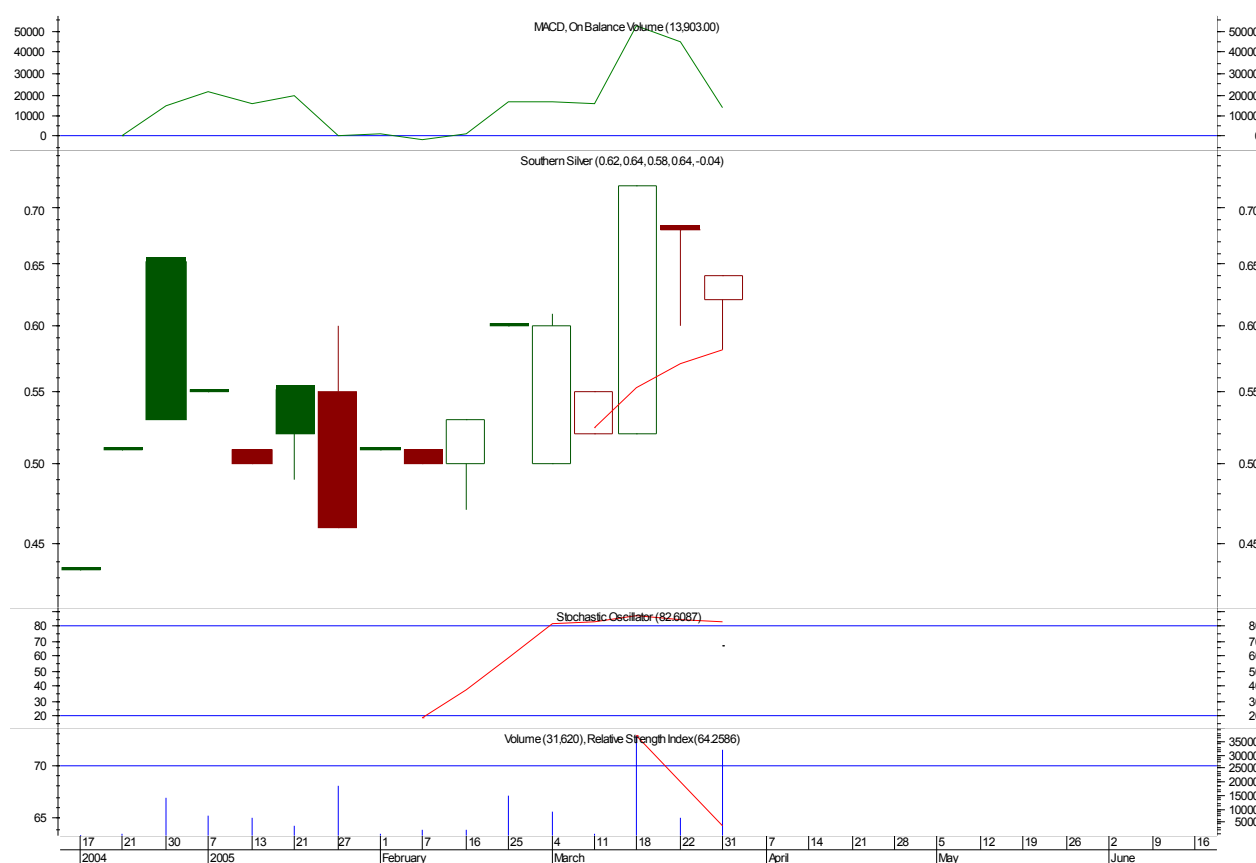
Performance: Year ended April 1996 **116.9%**; 1997 **28.1%**; 1998 **36.4%**; 1999 **39.4%**; 2000 **180.9%**; 2001 **-50.5%**; 2002 **18.7%**; 2003 **28.8%**; 2004 **166.7%**

Junior Gold and Natural Resource Sector Report (Update)

April 4, 2005

More Than Just Silver: Building Value

SOUTHERN SILVER EXPLORATION (SSV-TSXv)



Weekly Chart: High C\$.72, Low C\$.44, Last Trade C\$.64

- ◆ Proven, experienced management team rolls out tightly-held SSV as their public exploration vehicle.
- ◆ Emerging as active explorer with acquisition from Anglo American of prospective Pinabete property, Mexico.
- ◆ Pinabete is in one of world's most productive regions of (Silver-Zinc-Lead) Carbonated Replacement Deposits.
- ◆ Numerous vein systems have been mapped, similar in style and grade to surface mineralization at such nearby world-class deposits as the 45MMT Santa Eulalia and 26MMT Nacia.
- ◆ Anglo already intercepted a shallow 7.7m mineralized zone of **53.68 g/t Ag, 6.33% Zn and 4.52% Pb**.
- ◆ The large 2,500m x 500m strike zone is largely untested; potential offers exceptional speculative appeal.
- ◆ Work has commenced in preparation for a diamond drilling program in Q2 of 2005.

Introduction

Southern Silver Exploration Corp. is a public company trading under the symbol SSV on the TSX Venture Exchange. The company was recently reorganized and completed a reactivation which includes the acquisition of a suitable mineral property and completion of sufficient financing to commence a work program. Effective December 10, 2004, the TSX accepted the reactivation enabling the Company's common shares to graduate from the NEX Board to the Tier 2 Board of the TSX.

The Company's principal business activity is the acquisition and exploration of mineral properties. The Company has acquired from Anglo American an option to acquire a 100% undivided interest in the 4,620-hectare Pinabete Mineral Concession located in southern Chihuahua, Mexico. The property is a Carbonate Replacement Deposit type target for silver, zinc and lead. Preliminary work and tests by Anglo American confirm that a large area has been subjected to intense hydrothermal alteration, corresponding to historical mineral showings. Anglo American is a major mining group based in South Africa.

OreQuest Consultants Ltd. prepared an evaluation and technical report on the Concessions which was received on August 30, 2004.

Adrian Robles Salazar, a highly regarded Chihuahua-based geologist, has been engaged by the company as a consultant on the project. Mr. Robles has extensive experience with Minera Kennecott S.A. de C.V. and Western Silver Corporation projects in Mexico.

Work has commenced on the Pinabete property in preparation for a diamond drilling program in Q2 2005 following the recent closing of a non-brokered \$2.25 million financing at \$0.50 per unit.

The corporate website is available at www.southernsilverexploration.com.

Recent Events

The Company underwent a capital consolidation on a 1:7 basis and changed its name from Newcoast Silver Mines Ltd. to Southern Silver Exploration Corp as announced July 30, 2004. The post consolidation issued capital was 1,522,845 common shares.

By a Letter Agreement dated August 16, 2004, Anglo American Exploration Mexico S.A. de C.V. ("Anglo American") and the Company agreed to negotiate the terms and conditions relating to an option to acquire a 100% undivided interest in the 4,620-hectare Pinabete Mineral Concessions located in southern Chihuahua, Mexico. OreQuest Consultants Ltd. was engaged to prepare an evaluation and technical report on this potential acquisition, which was received on August 30, 2004.

On October 15, 2004 Southern Silver completed the purchase of the Pinabete Mineral Concessions. OreQuest's technical report indicates the property is a highly prospective, large Carbonate Replacement Deposit ("CRD") project. The property is in one of the most highly productive regions of Ag-Pb-Zn Carbonate Replacement Deposits in the world. Surface alteration and mineralization is similar to that found in world class CRD in northern Mexico such as Santa Eulalia (**45MMT @ 310g/t Ag, 7.1% Zn and 8.2% Pb**) and Nacia (**26MMT @ 213g/t Ag, 5.6% Zn and 5.9% Pb**). Limited drilling by Anglo American on the largely unexplored property intercepted a 7.7 metre mineralized zone of **53.68 g/t Ag, 6.33% Zn and 4.52% Pb** in one of several priority targets identified for follow-up mapping, sampling and drill testing.

On December 10, 2004 the TSX Venture Exchange approved the company's listing to the Tier 2 Board where the company's common shares now trade under the symbol SSV. Coincident with this listing, the TSX Venture Exchange approved a number of filings related to debt settlement, private placements and property acquisitions, thereby completing management's reorganization of the company.

The Company has completed an over-subscribed non-brokered private placement of 4.5 million units at a price of \$0.50 per unit. Each unit consists of one common share and one-half of one share purchase warrant, each whole warrant entitling the holder to purchase an additional common share at a price of \$0.60 for a period of two years, subject to acceleration at the Company's option under certain conditions. The proceeds of the offering will be used to fund exploration of the Pinabete project.

Share Structure

	# Shares	Price	\$ Cash value
Issued Shares:			
Post-roll-back shares	1,516,454	3.90	5,909,959
Debt Settlement*	4,953,467	0.10	495,347
Private Placement Shares	3,500,000	0.10	350,000
Private Placement Shares	2,000,000	0.15	300,000
Anglo American re Pinabete property	200,000	0.20	40,000
	11,976,312		7,095,306

Potential Dilution:			
Private Placement Shares	4,500,000	0.50	2,250,000
Private Placement Wts to 14Dec05	1,750,000	0.15	262,500
Private Placement Wts to 14Dec06	1,000,000	0.20	200,000
Private Placement Wts – 2 year**	2,250,000	0.60	1,350,000
Stock Options Expiring 10Dec09	1,085,000	0.65	705,250
Stock Options Expiring 23Mar05	34,286	0.70	24,000
Stock Options Expiring 13Sep05	77,143	0.70	54,000
	10,696,429		4,845,750
Fully Diluted	22,672,741		\$ 11,941,056

* Related Parties = 3,484,057 shares

** In the event the Company's common shares trade at a closing price greater than \$1.00 per share for a period of 20 consecutive days at any time after six months from the closing date, the Company may accelerate the expiry date by providing notice, in which case the warrants will expire after 30 days.

Properties Acquisition

On October 15, 2004 Southern Silver completed the purchase of an option to acquire a 100% undivided interest in the 4,620-hectare Pinabete Mineral Concessions located in southern Chihuahua, Mexico from Anglo American Exploration Mexico S.A. de C.V. ("Anglo American").

Terms & Conditions

The terms and conditions are outlined as follows:

- Issuance of an initial 200,000 common shares of the Company to Anglo American (completed);
- Issuance of a further 50,000 common shares of the Company to Anglo American each year thereafter until exercise of the option; and
- A minimum US\$2,000,000 of expenditures incurred on the Concessions over a four year period, as follows:
 - a) a firm commitment of US\$200,000 on or before the first anniversary;
 - b) an aggregate US\$400,000 on or before the second anniversary;
 - c) an aggregate US\$700,000 on or before the third anniversary; and
 - d) an aggregate US\$2,000,000 on or before the fourth anniversary.

If the Company meets these terms and conditions and elects to exercise the option, the Company would acquire a 100% undivided interest in the Concessions, subject to a 1.5% net smelter returns royalty ("NSR") payable to Anglo American. Alternatively, in lieu of the 1.5% NSR, Anglo American has the right for a period of 90 days after such election to reduce the Company's interest in the Concessions from a 100% to a 40% working interest by paying to the Company an amount equal to 200% of the total amount incurred relating to the minimum US\$2,000,000 of expenditures required. Anglo American has the right to further reduce the Company's interest to a 30% working interest by completing a pre-feasibility study and arranging for production financing and construction guarantees.

Property Highlights

The Pinabete Property is located 120 kilometers south of the City of Chihuahua in Chihuahua State, Mexico, in one of the most highly productive regions of Ag-Pb-Zn Carbonate Replacement Deposits ("CRD") in the world. Surface alteration and mineralization on the Pinabete Property is similar to that found in world class CRD in northern Mexico such as Santa Eulalia (45MMT @ 310g/t Ag, 7.1% Zn and 8.2% Pb) and Naica (26MMT @ 213g/t Ag, 5.6% Zn and 5.9% Pb). The NW-trending zone includes the super-giant Santa Barbara-Parral-San Francisco del Oro District as well as Ocampo, Concheño, Moris and La Colorada to the west, and Inde', Platosa, and Ojuela to the east.

Previous mapping on the property by Anglo American identified structurally controlled mantos, chimneys and pods of precious metal-rich disseminated and massive sulphide mineralization within a 2,500 meter, northwest-trending structural zone of marbleized limestone, skarn and skarnoid alteration.

A short 3-hole diamond-drilling program was initiated by Anglo American to test AMT anomalies and one of the geochemical anomalies. Hole 02PB-1 was drilled to test an AMT conductive anomaly. While it did not explain the conductive anomaly, it did encounter a mineralized CRD zone below the hornfelsed lutite / recrystallized limestone contact, assaying 53.68 g/t Ag, 6.33% Zn and 4.52% Pb over 7.7 m beginning at 33.4 m to 41.1 m.

This mineralization is close to the San Jose del Sitio showing, but probably represents a separate, possibly parallel body, and represents a new discovery. Several priority targets have been identified for follow-up mapping, sampling and drill testing.

The Company commissioned OreQuest Consultants Ltd. to evaluate and prepare a technical report on the Concessions which was received on August 30, 2004. The following is an excerpted summary of this report:

The Pinabete project, located approximately 120 km south of the city of Chihuahua in Chihuahua State, Mexico, is a "Carbonate Replacement Deposit" type target for silver, zinc and lead. It is located on the east side of the Sierra Madre Occidental in a fault-blocked window of the Basin and Range terrain. Cretaceous limestones, calcareous shales and lutites have been capped by felsic volcanics and intruded by Tertiary syenitic and rhyolitic stocks and dykes.

Preliminary broad scale mapping at 10,000 and 1:5,000, with remote sensing structural analyses, a lithochemical survey, as well as an Audio-Magnetotelluric (AMT) geophysical survey, were undertaken by Anglo American (Canada) Ltd. in 2002-03. These tests have confirmed that a large area has been subjected to intense hydrothermal alteration, corresponding to the region of historical mineral showings. A short 3 hole diamond drilling program was initiated to test AMT anomalies and one of the geochemical anomalies.

Hole 02PB-1 was drilled to test an AMT conductive anomaly. It was collared in intensely altered calcareous lutite to hornfels in the upper 30 m and marble, recrystallized limestone and skarn for the rest of the hole depth to 299 m. While it did not explain the conductive anomaly, it did encounter a mineralized CRD zone below the hornfelsed lutite / recrystallized limestone contact. It assayed 6.33% Zn, 4.52% Pb, and 53.68 g/t Ag over 7.7 m beginning at 33.4 m to 41.1 m. The mineralization is close to the San Jose del Sitio showing, but it probably represents a separate, possibly parallel body. This intersection in hole 02PB-1 represents a new discovery

Continued exploration is warranted. An area described as the "Pinabete Mineralized Zone" (PMZ) is a belt which is under-explored for CRD style mineralization. It consists of a series of mineralized showings and favourable lithologies, stretching about 5 km NW across the property. Larger showings are obvious targets, however, small showings on surface, particularly near the lutite/limestone contact, may represent a vertical leakage from CRD hydrothermal network at depth.

An initial, more detailed mapping phase at a scale of 1:2,000 or greater in the centre of the PMZ on an accurate contour base map, is recommended. This would include lithochemical sampling, both for economic elements and for lithological control. Alteration assemblage mineralogy, exposed mineralization, structural measurements and detailed lithology observations will be needed to assist future drilling control. A mapping of the old adits in the San Jose del Sitio area may also prove useful.

Phase-II, guided by the results of the Phase-I mapping, would be a drilling program initially in the area of PB-1 and San Jose del Sitio Showings. On sections where mineralization is intersected, a minimum of two holes per section should be drilled to correlate geological contacts and interpret true thicknesses.

Six drill holes, in the order of 200 to 250 metres each, drilled on three sections are recommended. The sections would be perpendicular to the "Pinabete Mineralization Zone" (PMZ) trend. Initially, it is proposed that these sections be located; i) through the north end of the San Jose del Sitio showing to test that showing and the parallel zone to the west; ii) 100 m to the south, to include the PB-1 area; and iii) a section 100 m north of San Jose del Sitio showing to test extensions of that zone and possibly the Refugio structure. These locations may be modified, based on Phase-I results. While the broad-scale AMT survey was not suitable for the detection of low-iron CRD style mineralization, other geophysical methods may prove useful. Downhole IP / resistivity could be effective in expanding the exploration radius at depth.

The Company has commenced work in preparation for a diamond drill program anticipated for Q2 2005. Adrian Robles Salazar, a highly regarded Chihuahua-based geologist, has been engaged by the Company as a consultant on the project. Mr. Robles has extensive experience with Mexican projects through Minera Kennecott S.A. de C.V. and Western Silver Corporation.

Management

The Company's management team comes with exceptional technical and financing ability. Particularly noteworthy is that some of the key Directors and Officers are also involved with highly successful **Western Silver Corporation (WTC-TSX)**, which is currently advancing the Penasquito world class silver deposit in Zacatecas, Mexico. Western Silver recently raised \$64.8 million at \$10.25 per share.

Officers and Directors:

Lawrence Page, B.A., LL.B., Q.C.

President/Director: Southern Silver Exploration Corp., Director; Rio Fortuna Exploration Corp., Bravo Venture Group Inc., Quaterra Resources Inc., Western Silver Corporation

Mr. Page obtained his law degree from the University of British Columbia in 1964 and was called to the Bar of British Columbia in 1965. Thereafter he studied labour law and industrial relations in Sydney, Australia as a Commonwealth Scholar, returning to active practice in Vancouver in 1967. In 1970, he was a founding partner of Worrall and Page where he practiced until 1995. He currently practices with Page Fraser and Associates in Vancouver. Mr. Page's preferred areas of practice are commercial litigation, native law, natural resource law and securities law. He has been admitted to the Bar of Ontario for the purpose of acting as counsel in specified litigation. Mr. Page was awarded the distinction of Queen's Counsel in 1988.

Through his experience with natural resource companies and, in particular, precious metals development, Mr. Page has established a unique relationship with financiers, geologists and consultants and has been counsel for and a Director of Corona Corporation (now Homestake) and Prime Resources Corporation which have brought into production and operate Canadian gold mines.

Thomas C. Patton, B.Sc., M.Sc., Ph.D.

Director; Southern Silver Exploration Corp., Rio Fortuna Exploration Corp., President & COO, Western Silver Corporation, President & CEO, Quaterra Resources Inc.

Dr. Patton graduated from the University of Washington in 1971 (Ph.D.) and has since worked with both junior and senior mining companies. His exploration efforts have concentrated on North America and have resulted in several significant discoveries and reserve expansions of existing operations. Prior to joining the Manex group, Dr. Patton held senior positions with Rio Tinto Mining and Exploration and Kennecott, where he served as Senior Vice President, Exploration and Business Development. Dr. Patton is a member of the Society of Economic Geologists and the American Institute of Mining & Metallurgical Engineers.

Robert E. Swenarchuk

Sr. Vice President, Corporate Development/Director, Southern Silver Exploration Corp.; Rio Fortuna Exploration Corp.; Quaterra Resources Inc; Bravo Venture Group Inc.

Mr. Swenarchuk serves as an officer of several Manex client companies. He joined the group early in 1998 bringing with him more than 25 years of successful practice in the corporate and investor relations sectors of the natural resources industry. He is President of Rescom Consultants Ltd., which he founded in 1980 to provide a range of financial and investor services to public companies. Over the past 15 years he has been involved in arranging financing for mining exploration and development projects in Canada, the United States, Mexico, Russia, Kazakhstan and China. He has extensive financial community contacts throughout North America, Europe and Asia.

Robert J. Gayton, B.Comm., Ph.D., F.C.A.

Director, Southern Silver Exploration Corp.; Western Silver Corporation; Rio Fortuna Exploration Corp.; Quaterra Resources Inc.; Bravo Venture Group Inc.

Dr. Gayton, F.C.A., graduated from the University of British Columbia in 1962 with a Bachelor of Commerce and in 1964 earned the chartered accountant (C.A.) designation while at Peat Marwick Mitchell. Dr. Gayton joined the Faculty of Business Administration at the University of British Columbia in 1965, beginning 10 years in the academic world, including time at the University of California, Berkeley, earning a Ph.D. in Business. Dr. Gayton rejoined Peat Marwick Mitchell in 1974 and became a partner in 1976 where he provided audit and consulting services to private and public company clients for 11 years. Dr. Gayton has directed the accounting and financial matters of public companies in the resource and non-resource fields since 1987. Dr. Gayton serves as Vice President, Finance for several Manex client companies.

Roger Scammell, B.Sc.

Mr. Scammell graduated from the University of London, England in 1970. He gained a wide variety of experience working for a number of companies in Canada. In 1992, Mr. Scammell relocated to Mexico where until recently he managed the Teck Cominco group of companies and all associated exploration programs.

Donald R. Head

The company recently announced the appointment of **Donald R. Head**, an Arizona businessman, to its Board of Directors. Mr. Head is Chairman, President and Chief Executive Officer of Capital Title Group, 21st on the Fortune Magazine 2004 list of America's Fastest Growing Companies. Mr. Head formerly practiced as an Attorney in Arizona where, for many years, he represented Canadian public mineral exploration companies in property acquisitions and equity finance.

Organizing "Incubator Group":

Vancouver-based **Manex Resource Group** functions as a small mining "house" or incubator group which guides the development of several companies in the junior resource sector. Formed in 1997, they have raised in excess of C\$120 million for exploration, primarily in Mexico, the U.S. (Nevada and Alaska) and Canada. About half of the funding was raised by and for their lead company and "success" story, **Western Silver Corporation** (WTC-TSX and WTZ-AMEX).

Three years ago Western was financed at \$0.65 and now trades in the C\$11.00 range as it continues to develop their world class silver deposit in Zacatecas, Mexico. Similar to Southern Silver now, Western was initially supported and organized by the Manex team, but has since progressed to the point where the company retains its own support staff, freeing the Manex staff and senior management to work with their evolving "juniors".

Conclusion

With a proven funding ability and flush with success from the performance of their lead project, management has the company-building acumen and deal-flow we have found to be the key ingredients necessary for investment success. The initial acquisition from Anglo American comes as a result of the excellent long term relationships held by Dr. Tom Patton, and has exceptional blue-sky promise. Southern Silver is unlikely to remain a one-deal company for long, as management continues to focus on building value for shareholders. Southern Silver offers a low-priced opportunity to position into a newly-reorganized tightly-held vehicle along side a capable and motivated management group. We have added 100,000 shares of Southern Silver to the [Growth Stocks Weekly](#) model portfolio at an average cost of \$0.55 since our January 2005 initial report. We expect to see significantly better liquidity develop as the initial private placements become free-trading April 15, 2005, along with a steady stream of news as corporate activities accelerate.

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