REYNA SILVER ACQUIRES THE LA CHINCHE PROPERTY AND CONSOLIDATES GUIGUI LAND POSITION

July 2, 2020 – Toronto, Canada and Hong Kong. Reyna Silver Corp. (“Reyna” or the “Company”) (TSXV: RSLV) announces that it has entered into agreements to acquire a controlling interest in the 250 hectare La Chinche mining concession, which is contiguous to the Company’s Guigui property (Fig. 1). This substantially expands the exploration potential and simplifies targeting of Guigui.

Payments are being made to two separate groups under the following terms (details below): an initial cash payment of USD42,000, 500,000 common shares of Reyna in two tranches and 11,500,000 share purchase warrants (“Warrants”) to be issued every six months in four tranches with a validity of one year each at C$0.74, C$0.75, C$1.00 and C$1.25. Expenditures of USD900,000 over two years and a final payment of USD1,000,000 will give Reyna an 80% ownership of the La Chinche mining concession.

In relation to the consideration paid, Reyna highlights that only the initial payments of USD42,000 in cash, 250,000 shares and 1,000,000 options valid for 12 months at a price of C$0.74 cents per share are obligatory. All subsequent payments are optional at the company’s discretion.

“We are very pleased to acquire La Chinche and fill the property gap between Guigui and the southernmost known mineralization in the West Camp,” said Jorge Ramiro Monroy, President and CEO of Reyna. “We already know that alteration and geophysical anomalies seen in Guigui continue into La Chinche, so now we can pursue them without concern for artificial limits. We are pleased United Minerals has recognized the value in combining assets and has structured a deal that bets on exploration success by allowing Reyna to focus on putting funds in the ground. If, as we believe, United Minerals’ drilling permits for La Chinche are still valid, this could significantly advance when we can begin drilling.”

“United Minerals is delighted to be completing this transaction with Reyna for the La Chinche property within the fabled mining district of Santa Eulalia where we are currently mining the Potosi Mine and producing high-grade silver concentrate. We feel that combining assets and initiating integrated exploration of this world-class system overseen by Dr Peter Megaw gives the best opportunity to unlock significant shareholder value.” Said Matt Hudson, CEO of United Minerals.

Why La Chinche?
The Santa Eulalia District is Mexico’s largest Carbonate Replacement Deposit (CRD) district, having produced nearly 500 million ounces of silver; 3 million tonnes of lead; and 2.2 million tonnes of zinc. Seventy percent of that production came from a part of the district called the West Camp, but the source of that mineralization has never been found. Reyna is following a well-established exploration model that indicates that such source should lie to the south within their 4,554-hectare Guigui Project. Field mapping and sampling over these anomalies is already well advanced and is adding geochemical support for drilling targets being defined in Guigui that may extend into La Chinche.
The Company has sufficient financial resources to meet its obligations required under the agreements, without affecting the existing budget.

Closing of the above agreements is subject to approvals of the TSX Venture Exchange.

Fig.1 - Guigui and La Chinche Projects

Deal Structure:

Reyna is acquiring an interest in La Chinche from two separate groups: United Minerals Pty. Ltd and the underlying La Chinche Concession Owner. The La Chinche Concession Owner has agreed to sell an 80% interest upon Reyna completing the following:

(a) a cash payment of US$42,000 on signing;
(b) undertaking a minimum of US$900,000 in work on the property within 24 months;
(c) following the above work program, preparing a NI 43-101 technical report summarizing any mineral resources on the property (the “Report”); and
(d) based on the mineral resources set out in said Report, paying an additional amount to the Concession Owner, calculated as a minimum of US$1,000,000 (for up to 1,500,000 tonnes of resource based on 12% Zn equivalent cut-off) plus an additional US$250,000 for every 500,000 tonnes of resource at comparable grade contained within the property over and above 1,500,000 tonnes.

The second group, United Metals Pty. Ltd, agreed to give up their earn-in option and allowed Reyna to negotiate a new agreement with the La Chinche Concession Owner in exchange for an aggregate of 11,500,000 share purchase warrants (“Warrants”) and 500,000 common shares of Reyna, to be distributed as follows:

(i) 250,000 shares, and 1,000,000 Warrants exercisable for a period of 12 months at C$0.74 per share; to be issued upon receipt of TSXV approval.
(ii) an additional 3,000,000 Warrants exercisable for a period of 12 months from the date of issue at C$0.75 per share; to be issued six months from the signing the agreement;

(iii) an additional 3,500,000 Warrants exercisable for a period of 12 months from the date of issue at C$1.00 per share; to be issued 12 months from the signing of the agreement;

(iv) an additional 4,000,000 Warrants exercisable for a period of 12 months from the date of issue at C$1.25 per share; to be 18 months from the signing of the agreement; and

(v) an additional 250,000 shares will be granted 24 months from the signing of the agreement.

As noted above, other than the initial payments of US$42,000, 250,000 shares and 1,000,000 Warrants, all of the above payments are optional to Reyna.

The technical portion of this news release was reviewed and approved by Dr. Peter Megaw, CPG, a qualified person as defined under NI 43-101, advisor of the Company and Chief Exploration Officer of MAG Silver Corp, the largest shareholder of the Company.

About Reyna Silver Corp.

Reyna is a silver exploration company with a portfolio of Mexican silver assets. The Company was built around the Guigui and Batopilas Projects, which formed part of MAG Silver’s original IPO portfolio. Reyna’s strategy centers on leveraging its expertise in Mexico to explore projects that have the potential for high-grade, district-scale discoveries.

About United Minerals

United Minerals is a private Australian mining and exploration company based in Melbourne, currently mining the Potosi Mine in the Santa Eulalia District in Chihuahua, Mexico.

On Behalf of the Board of Directors of Reyna Silver Corp.

Jorge Ramiro Monroy

Chief Executive Officer

CAUTIONARY STATEMENTS

This press release contains “forward-looking information” within the meaning of Canadian securities legislation. The forward-looking information contained in this press release represents the expectations of the Company as of the date of this press release and, accordingly, is subject to change after such date. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by the Company at the date the forward-looking information is provided, are inherently subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information. There is no assurance La Chinche property will contain any mineral resources, or that if any resources are found, that the same will be economic. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While the Company may elect to, it does not undertake to update this information at any particular time except as required in accordance with applicable laws.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.