REYNASILVER

# REYNA SILVER CORP.

***(An Exploration Stage Company)***

## Consolidated Financial Statements

## December 31, 2021

PO Box 49130
2900 – 595 Burrard Street
Vancouver, British Columbia, Canada V7X 1J5

**Contents**

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
www.devissergray.com
t 604.687.5447
f 604.687.6737

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Reyna Silver Corp.**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of Reyna Silver Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

De Visser Gray LLP

**Chartered Professional Accountants**

Vancouver, BC, Canada
April 28, 2022

**REYNA SILVER CORP.**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**(Expressed in Canadian dollars)**

| | Note | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash and cash equivalents | | $ 7,701,491 | $ 11,294,878 |
| Receivables | | 15,353 | 80,736 |
| Prepaid expenses | | 123,521 | 147,344 |
| | | 7,840,365 | 11,522,958 |
| **Non-current** | | | |
| Exploration and evaluation assets | 5 | 7,361,299 | 4,898,670 |
| Investment | 5(h), 6 | 100,000 | - |
| VAT receivables | | 1,228,846 | 148,269 |
| | | 8,690,145 | 5,046,939 |
| | | $ 16,530,510 | $ 16,569,897 |
| **LIABILITIES** | | | |
| **Current** | | | |
| Trade and other payables | | $ 350,241 | $ 448,453 |
| | | 350,241 | 448,453 |
| **SHAREHOLDERS' EQUITY** | | | |
| Common shares | 7 | 27,686,298 | 19,861,914 |
| Reserves | 7 | 6,709,601 | 2,617,471 |
| Deficit | | (18,215,630) | (6,357,941) |
| | | 16,180,269 | 16,121,444 |
| | | $ 16,530,510 | $ 16,569,897 |

**Nature of Operations and Going Concern (Note 1)**
**Events After the Reporting Period (Note 5, 7 and 15)**

These consolidated financial statements are authorized for issue by the Board of Directors on April 28, 2022.
They are signed on the Company's behalf by:

| ***"Alexander Langer"*** | ***"Jorge Ramiro Monroy"*** |
|---|---|
| Alexander Langer, Director | Jorge Ramiro Monroy, Director |

*The accompanying notes are an integral part of these consolidated financial statements.*

**REYNA SILVER CORP.**
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**
**(Expressed in Canadian dollars)**

| | Note | For the years ended December 31 2021 | 2020 |
|---|---|---|---|
| Exploration expenses | 5 | $ 7,781,181 | $ 1,192,157 |
| Reimbursements from optionee | 5 | (20,000) | - |
| | | 7,761,181 | 1,192,157 |
| Administrative expenses | | | |
| Accounting and audit | | 115,644 | 127,942 |
| Bank charges | | 7,707 | 6,121 |
| Consulting | | 280,533 | 765,719 |
| Legal | | 63,550 | 390,955 |
| Management and director fees | 9 | 480,000 | 777,981 |
| Marketing and shareholders communication | | 885,717 | 605,496 |
| Office | | 227,671 | 58,732 |
| Share-based compensation | 7(e) | 1,130,707 | 1,228,305 |
| Transfer agent, listing and filing fees | | 109,770 | 75,406 |
| Foreign exchange loss | | 87,770 | 447,531 |
| | | 3,389,069 | 4,484,188 |
| Other items | | | |
| Interest income | | 6,157 | 14,800 |
| Property investigation costs | | - | (431) |
| Write-down of investment | 6 | (713,596) | - |
| Net loss | | 11,857,689 | 5,661,976 |
| Other comprehensive loss | | | |
| Cumulative translation adjustment | | 628 | 17,353 |
| Total comprehensive loss for the year | | $ 11,858,317 | $ 5,679,329 |
| Basic and diluted loss per share | | $ 0.12 | $ 0.09 |
| Weighted average number of common shares outstanding | | 96,421,246 | 63,861,437 |

*The accompanying notes are an integral part of these consolidated financial statements.*

# REYNA SILVER CORP.
## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
### (Expressed in Canadian dollars)

| | | Common Shares | | | Preferred Shares | | Reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Number of shares | Amount | Shares subscribed | Number of shares | Amount | Equity-settled employee benefits | Finder's warrants | Warrants | Foreign exchange reserve | Total | Deficit | Total shareholders' equity |
| **Balance as at December 31, 2019** | | 19,660,666 | $ 858,076 | $ 762,997 | 100 | $ 2,286,552 | $ - | $ - | $ - | $ - | $ - | $ (695,965) | $ 3,211,660 |
| Shares issued: | | | | | | | | | | | | | |
| Pursuant to reverse takeover of Century | 4 | 5,348,279 | 1,069,656 | - | - | - | - | - | - | - | - | - | 1,069,656 |
| Private placements | 7(b) | 32,988,030 | 6,597,606 | (762,997) | - | - | - | - | - | - | - | - | 5,834,609 |
| Share issue costs | 7(b) | 428,961 | (311,403) | - | - | - | 9,843 | 61,247 | - | - | 71,090 | - | (240,313) |
| In lieu of services rendered | 7(b) | 451,428 | 315,665 | - | - | - | - | - | - | - | - | - | 315,665 |
| Pursuant to Purchase Agreement | 7(e) | 14,556,706 | 2,911,341 | - | (100) | (2,286,552) | - | - | - | - | - | - | 624,789 |
| For property acquisition | 7(b) | 250,000 | 342,500 | - | - | - | - | - | - | - | - | - | 342,500 |
| Warrants issued for property acquisition | 7(f) | - | - | - | - | - | - | - | 670,500 | - | 670,500 | - | 670,500 |
| Exercise of options | 7(e) | 672,475 | 279,860 | - | - | - | (51,871) | - | - | - | (51,871) | - | 227,989 |
| Exercise of finders' warrants | 7(g) | 633,750 | 287,093 | - | - | - | - | (32,269) | - | - | (32,269) | - | 254,824 |
| Exercise of warrants | 7(f) | 3,796,242 | 1,742,059 | - | - | - | - | - | - | - | - | - | 1,742,059 |
| Private placement | 7(b) | 11,300,000 | 7,006,000 | - | - | - | - | - | - | - | - | - | 7,006,000 |
| Share issue costs | 7(b) | - | (1,236,539) | - | - | - | - | 655,497 | - | - | 655,497 | - | (581,042) |
| Share-based payments | 7(e) | - | - | - | - | - | 1,228,305 | - | - | - | 1,228,305 | - | 1,228,305 |
| Advisor options | | - | - | - | - | - | 93,572 | - | - | - | 93,572 | - | 93,572 |
| Net loss and comprehensive loss | | - | - | - | - | - | - | - | - | (17,353) | (17,353) | (5,661,976) | (5,679,329) |
| **Balance as at December 31, 2020** | | 90,086,537 | 19,861,914 | - | - | - | 1,279,849 | 684,475 | 670,500 | (17,353) | 2,617,471 | (6,357,941) | 16,121,444 |
| Shares issued: | | | | | | | | | | | | | |
| Private placement | 7(b) | 7,298,134 | 6,057,451 | - | - | - | - | - | - | - | - | - | 6,057,451 |
| Share issue costs | 7(b) | - | (718,607) | - | - | - | - | 176,154 | - | - | 176,154 | - | (542,453) |
| In lieu of services rendered | 7(b) | 699,666 | 699,666 | - | - | - | - | - | - | - | - | - | 699,666 |
| Warrants issued for property acquisition | 7(f) | - | - | - | - | - | - | - | 2,998,150 | - | 2,998,150 | - | 2,998,150 |
| Exercise of options | 7(e) | 212,500 | 83,753 | - | - | - | (36,628) | - | - | - | (36,628) | - | 47,125 |
| Exercise of finders' warrants | 7(g) | 57,138 | 28,146 | - | - | - | - | (2,434) | - | - | (2,434) | - | 25,712 |
| Exercise of warrants | 7(f) | 3,159,243 | 1,673,975 | - | - | - | - | - | (173,191) | - | (173,191) | - | 1,500,784 |
| Share-based payments | 7(e) | - | - | - | - | - | 1,130,707 | - | - | - | 1,130,707 | - | 1,130,707 |
| Net loss and comprehensive loss | | - | - | - | - | - | - | - | - | (628) | (628) | (11,857,689) | (11,858,317) |
| **Balance as at December 31, 2021** | | **101,513,218** | **$ 27,686,298** | **$ -** | **-** | **$ -** | **$ 2,373,928** | **$ 858,195** | **$3,495,459** | **$ (17,981)** | **$ 6,709,601** | **$(18,215,630)** | **$ 16,180,269** |

*The accompanying notes are an integral part of these consolidated financial statements.*

**REYNA SILVER CORP.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Expressed in Canadian dollars)**

| | Note | For the years ended December 31 2021 | 2020 |
|---|---|---|---|
| **Cash provided by (used for):** | | | |
| **Operating activities** | | | |
| Net loss | | $ (11,857,689) | $ (5,661,976) |
| Items not involving cash: | | | |
| Exploration expenses paid in common shares | | 699,666 | 16,667 |
| Management and director fees paid in common shares | 9 | - | 298,998 |
| Consulting paid in common shares | | - | 93,572 |
| Share-based compensation | 7(e) | 1,130,707 | 1,228,305 |
| Write-down of investment | 6 | 713,596 | - |
| Foreign exchange (gain)/loss | | 5,182 | (14,505) |
| Changes in non-cash working capital items: | | | |
| Receivables | | 65,383 | (49,244) |
| Prepaid expenses | | 23,823 | (146,541) |
| VAT receivables | | (1,085,091) | (110,111) |
| Trade and other payables | | (98,212) | 317,316 |
| Cash (used in) operating activities | | (10,402,635) | (4,027,519) |
| **Investing activities** | | | |
| Exploration and evaluation assets | | (279,371) | (98,789) |
| Cash acquired on acquisition of Reyna Silver Mining Inc. | 4 | - | 895,734 |
| Due to related parties | | - | (595,413) |
| Cash aquired by (used in) investing activities | | (279,371) | 201,532 |
| **Financing activities** | | | |
| Net proceeds from issuance of common shares | 7 | 7,088,619 | 14,244,126 |
| Shareholders' loans | | - | (227,814) |
| Cash provided by financing activities | | 7,088,619 | 14,016,312 |
| **Net increase (decrease) in cash and cash equivalents** | | (3,593,387) | 10,190,325 |
| **Cash and cash equivalents - beginning of the year** | | 11,294,878 | 1,104,553 |
| **Cash and cash equivalents - end of the year** | | $ 7,701,491 | $ 11,294,878 |
| ***Supplemental disclosure with respect to cash flows:*** | | | |
| Common shares issuance pursuant to reverse takeover of Century | | $ - | $ 1,069,656 |
| Common shares issuance pursuant to exploration expenses | | 699,666 | 16,667 |
| Common shares issuance pursuant to management and director fees | | - | 298,998 |
| Common shares issuance pursuant to property acquisition | | - | 342,500 |
| Common shares issuance pursuant to consulting | | - | 93,572 |
| Common shares issuance pursuant to share issue costs | | - | 726,587 |
| Finder's warrants issuance pursuant to share issue costs | | 176,154 | - |
| Preferred share value adjustment pursuant to exporation and evaluation asset acquisition | | - | 624,789 |
| Warrants issuance pursuant to property acquisition | | 2,998,150 | 670,500 |
| Exploration and evaluation assets included in accounts payable | | 33,831 | 33,831 |

*The accompanying notes are an integral part of these consolidated financial statements.*

(Expressed in Canadian dollars)

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Reyna Silver Corp. (the "Company" or "Reyna Silver") registered its incorporation on August 24, 2017 in the province of British Columbia, Canada. The Company changed its name from "Trudeau Gold Inc." to "Century Metals Inc." on April 30, 2018 and began trading on TSX Venture Exchange (the "Exchange") on June 17, 2019. Its registered address is at 2900-595 Burrard Street, Vancouver, BC V7X 1J5.

Reyna Silver Mining Inc. ("Reyna") was incorporated under the Business Corporations Act (British Columbia) on June 19, 2018 and its principal business activity is the acquisition and exploration of mineral properties. Its registered and head office is 2900-595 Burrard Street, Vancouver, BC V7X 1J5.

On June 3, 2020, the Company completed the acquisition of Reyna pursuant to an amalgamation agreement dated March 20, 2020. This acquisition constituted a reverse takeover ("RTO") (Note 4). Upon completion of the RTO, the Company changed its name from Century Metals Inc. to Reyna Silver Corp. and began trading on the Exchange under the symbol "RSLV".

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to 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 for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, and to commence profitable operations in the future. To date, the Company has not generated any significant revenues and is considered to be in the exploration stage.

Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated financial statements of financial position. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary should the Company be unable to continue in existence.

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Deficit | $ (18,215,630) | $ (6,357,941) |
| Working capital | $ 7,490,124 | $ 11,074,505 |

## 2. BASIS OF PRESENTATION

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance and compliance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

## 2. BASIS OF PRESENTATION (Continued)

### (b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis of consolidation

*Subsidiary*
The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (its "subsidiaries"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company's subsidiaries are:

| | % of ownership | Jurisdiction | Principal activity |
|---|---|---|---|
| Reyna Silver Mining Inc. | 100% | Canada | Holding company |
| Reyna Silver, S.A.P.I. de C.V. | 100% | Mexico | Exploration company |
| Exploration La Reyna, S.A. de C.V. | 100% | Mexico | Exploration company |
| Silver Medicine LLC | 100% | USA | Exploration company |

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases.

*Inter-company balances and transactions*
Inter-company balances and transactions, including unrealised income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

### Foreign currencies

The functional and presentation currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rate of the exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company has determined that the functional currency of its subsidiaries in Mexico is the Mexican peso and the functional currency of its subsidiary in US is the US dollar. Exchange differences arising from the translation of the subsidiaries' functional currencies into the Company's presentation currency are taken directly into the foreign exchange reserve.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Foreign currencies** (Continued)

*Subsidiaries*

The results and financial position of the Company's subsidiaries that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period;
- Equity is translated using historical rates;
- All resulting exchange differences are recognised in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to the foreign exchange reserve included in Reserves. When a foreign operation is sold, such exchange differences are recognised in the statement of loss as part of the gain or loss on sale.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand and guaranteed investment certificates. At December 31, 2021, the Company had $7,701,491 in cash and cash equivalents.

**Exploration and evaluation assets**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or asset acquisition which are recognized as assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the consolidated statement of comprehensive loss.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where they are considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Impairment of non-financial assets

The carrying amount of the Company's long-lived assets (which include exploration and evaluation assets) is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as a charge in the statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a recovery in the statement of comprehensive loss for the period.

### Financial Instruments

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

The Company has assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 as follows:

| | **IFRS 9** |
|---|---|
| **Financial Assets** | |
| Cash | Amortized cost |
| Receivables (excluding sales tax) | Amortized cost |
| | |
| **Financial Liabilities** | |
| Trade and other payables | Amortized cost |

The classification of financial assets is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Transaction costs with respect to financial instruments classified as fair value through profit or loss are recognized in the consolidated statements of comprehensive income or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Share-based payment transactions

The Company's stock option plan allows the Company's employees and consultants to acquire shares of the Company through the exercise of granted stock options. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when such individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where finders' warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to reserves and as a share issue cost.

When warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

### Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

### Basic loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the years presented and accordingly, basic and diluted losses per share are the same.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical judgments

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent, management considered both the funds from financing activities and the currency in which goods and services are paid. The functional currency of its subsidiaries in Mexico is the Mexican peso and the functional currency of its subsidiary in USA is the US dollar. The Company chooses to report in Canadian dollar as the presentation currency;
- The assessment of indications of impairment of each mineral property and related determination of the net realized value and write-down of those properties where applicable;
- The determination of the value of the common shares issued pursuant to the acquisition of the exploration and evaluation assets; and
- The determination that the Company will continue as a going concern for the next year.

### Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Income taxes** (Continued)

Deferred income tax: (Continued)
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2021 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- Presentation of financial statements

  An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

## 4. REVERSE TAKEOVER TRANSACTION (“RTO”)

Effective June 3, 2020, the Company completed the acquisition of all of the issued and outstanding securities of Reyna.

The Company consolidated its 34,228,765 outstanding common shares so as to have 5,348,279 consolidated shares outstanding prior to closing the RTO. The Company issued an aggregate of 45,352,864 common shares to acquire the outstanding common shares of Reyna (inclusive of the 25,525,530 shares issued by Reyna under its $0.20 private placement); and issued 14,556,706 common shares to MAG Silver Corp. ("MAG Silver") in exchange for the preferred shares held by it in Reyna (equating to 19.9% of the outstanding common shares of the Company on closing of the RTO).

The Company and Reyna jointly undertook private placements raising an aggregate of $6,597,606, resulting in the issuance of 32,988,030 units at $0.20 (each unit consisting of one common share and one-half of one share purchase warrant (for a total of 16,494,013 warrants) exercisable at $0.45 for 24 months from closing the RTO).

Aggregate finders’ fees pertaining to the private placements were:
(i) 428,961 finder’s shares;
(ii) 1,423,583 finders’ warrants (each entitling the holder to acquire one common share at $0.45 until June 3, 2022);
(iii) 7,000 finder’s warrants (each entitling the holder to acquire one unit at $0.20 until June 3, 2022);
(iv) 114,450 compensation options (each entitling the holder to acquire one unit at $0.20 until June 3, 2022); and
(v) $240,313 cash.

(Expressed in Canadian dollars)

## 4. REVERSE TAKEOVER TRANSACTION ("RTO") (Continued)

As part of the RTO, the Company also issued these advisor options:

(vi) 366,535 advisor options (each entitling the holder to acquire one common share at $0.45 until June 3, 2022); and

(vii) 905,000 advisor options (each entitling the holder to acquire one common share at $0.20 until June 3, 2022).

Accordingly, the Company has accounted for the acquisition as a reverse takeover. Reyna, the legal subsidiary, has been treated as the accounting acquirer, and Century, the legal parent, has been treated as the accounting acquiree in these consolidated financial statements.

As Reyna was deemed to be the acquirer for accounting purposes, Century's assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying values. Century's results of operations have been included from June 3, 2020, the date of completion of the acquisition.

The RTO is being accounted for as a capital transaction in which Reyna is being identified as the acquirer of Century and equity consideration is being measured at fair value. The RTO does not constitute a business combination under IFRS 3. The RTO is accounted for in the consolidated financial statements of the resulting issuer as a continuation of the consolidated financial statements of Reyna, subject to a deemed issuance of shares and re-capitalization of the resulting issuer's equity. The acquisition of Century is accounted for as 5,348,279 common shares deemed issued at $0.20 per share to acquire the net identifiable assets of Century. This $1,069,656 equity consideration is allocated to Century's net identifiable assets and liabilities with the negative residual accounted for as a reduction to Century's exploration and evaluation assets.

The total purchase price of $1,069,656 has been allocated as follows:

| | | |
|---|---|---|
| Fair value of consideration - purchase price | $ | 1,069,656 |
| Identifiable net assets of Century Metals Inc. acquired by Reyna Silver Mining Inc. | | |
| Cash | | 895,734 |
| Other current assets | | 30,077 |
| Exploration and evaluation assets | | 1,494,629 |
| Trade and other payables | | (74,338) |
| Due to related parties | | (595,413) |
| Total fair value of identifiable net assets acquired by Reyna Silver Mining Inc. | | 1,750,689 |
| Reduction to exploration and evaluation assets | $ | (681,033) |

## 5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

### MEXICO

### (a) Guigui Property

The Company acquired 100% interest of the Guigui Property pursuant to the Asset Purchase and Sale Agreement (the "Agreement") with MAG Silver on June 29, 2018. The Guigui Property, consisting of 7 concessions (4,553.7034 hectares) is located in Chihuahua Mexico.

### (b) Batopilas Property

The Company acquired 100% interest of the Batopilas Property pursuant to the Agreement with MAG Silver on June 29, 2018. The Batopilas Property, consisting of 10 concessions (1,169.7313 hectares) is located in Chihuahua Mexico.

Pursuant to the Agreement, the Company acquired the Guigui Property and the Batopilas Property by paying US$8,500 ($11,036) to MAG Silver and issuing 100 preferred shares to MAG Silver (the "MAG Silver's Preferred Shares") with conversion rights to common shares of the Company.

On June 3, 2020, MAG Silver's Preferred Shares were converted into 14,556,706 common shares with each common share valued at $0.20 for a total value of $2,911,341. $2,286,552 had been recorded in the Company's preferred shares as of December 31, 2019 and therefore, the balance of $624,789 was added to the Exploration and Evaluation Assets (Note 7d). These 14,556,706 common shares were subject to a voluntary pooling arrangement in accordance with the Agreement.

MAG Silver retains certain participation rights to maintain MAG Silver's percentage ownership interest in the Company. This right to participate shall survive until the earlier of (a) the date of which MAG Silver owns less than 10% of the Company's common shares; and (b) the date that is two years following the date of conversion of MAG Silver's preferred shares to common shares.

*Royalties:*
The Guigui property is subject to a 2.5% net smelter royalty ("NSR") payable to the underlying owner with a right of first refusal; while the Batopilas property is subject to a 4.5% NSR payable to the underlying owner with a right of first refusal.

(Expressed in Canadian dollars)

## 5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)

**MEXICO,** (Continued)

### (c) La Chinche Property

The Company entered into two agreements to acquire an 80% interest in the La Chinche Property.

On July 1, 2020, the Company entered into a mineral property option agreement with United Minerals Pty Limited and Minerales Unidos La Chinche S.A. de C.V. ("United Minerals") to acquire 50% interest in the La Chinche property in exchange for 500,000 common shares and 11,500,000 warrants as follows:

| Date/Period | Shares | Warrants |
|---|---|---|
| Upon receipt of the Exchange approval | 250,000 (issued) | 1,000,000 warrants exercisable for a period of 12 months at $0.74 (issued) |
| January 1, 2021 | None | 3,000,000 warrants exercisable for a period of 12 months at $0.75 (issued) |
| July 1, 2021 | None | 3,500,000 warrants exercisable for a period of 12 months at $1.00 (issued) |
| January 1, 2022 | None | 4,000,000 warrants exercisable for a period of 12 months at $1.25 (subsequently issued) |
| July 1, 2022 | 250,000 | None |

On July 1, 2020, the Company entered into a mineral property option agreement with the underlying concession owner (the "Sellers") to acquire an additional 30% interest in the La Chinche property by incurring the following:

(i) Making a cash payment of US$42,000 on signing the agreement (paid);
(ii) Undertaking a minimum of US$900,000 in work on the property within 24 months;
(iii) Following the above work program, preparing a NI 43-101 technical report summarizing any mineral resources on the property (the "Report"); and
(iv) Based on the mineral resources set out in the Report, paying an additional amount to the Sellers, 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.

### (d) La Reyna Property

On September 29, 2020, the Company entered into a mineral property option agreement with the underlying concession owner (the "Sellers") to acquire a 100% interest in the La Reyna property by incurring the following:

(i) US$30,000 - on signing (paid);
(ii) US$45,000 - six months from signing (paid);
(iii) US$75,000 - 12 months from signing (paid);
(iv) US$75,000 - 18 months from signing (subsequently paid);
(v) US$120,000 - 24 months from signing;
(vi) US$120,000 - 30 months from signing;
(vii) US$150,000 - 36 months from signing;
(viii) US$685,000 - 48 months from signing.

The La Reyna Property is subject to a 2.5% royalty of which the Company can pay US$500,000 for each 0.5%.

## 5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)

**MEXICO,** (Continued)

### (e) Matilde Property

In fiscal 2018, the Company acquired the Matilde property for $7,476 by staking. The Matilde property is located in Sonora Mexico and consists of 1,369 hectares.

### (f) El Durazno Property

In fiscal 2019, the Company acquired the El Durazno property for $9,601 by staking. The El Durazno property is located in Sonora Mexico and consists of 24,630 hectares.

On July 19, 2021, the Company signed an option agreement with Reyna Gold Corp ("Reyna Gold"), a company with directors in common. The Company agreed to grant Reyna Gold the exclusive option to acquire up to a 51% interest in the El Durazno Property. Pursuant to the agreement:

- Reyna Gold must pay the sum of $20,000 within 10 days of execution of this agreement (received); and
- Incur at least $500,000 of expenditures on the El Durazno property before July 19, 2025.

**UNITED STATES**

### (g) Medicine Springs Property (Nevada)

On September 24, 2020, the Company entered into a property option agreement with Northern Lights Resources Corp. ("Northern Lights"), subject to the completion of due diligence, to acquire an 80% interest in the Medicine Springs Property, located in Elko county, Nevada.

(i) To acquire the 75% interest in the Medicine Springs Property, the Company must assume and satisfy certain of Northern Lights' obligations under the underlying option agreement as to payment of US$875,000 of cash consideration and incurring of at least US$2,439,065 of expenditures on the property (collectively the "Option Price"), on or before December 31, 2023, of which US$689,065 of these expenditures must be incurred by December 31, 2022. (As of December 31, 2021, $128,450 (US$100,000) cash consideration was paid.)

(ii) Northern Lights further grants to the Company the option to acquire an additional 5% interest in the property for US$1,000,000.

On November 4, 2020, the Company completed its due diligence and closed the option agreement. A finder's fee of $25,000 was paid, plus 5% of any future cash payments, to the owner of the Medicine Spring claims.

NSR ranging from 0.5% to 2% are payable to the underlying owners of certain claims.

**CANADA**

### (h) Trudeau Gold Property (Quebec)

The Company held a 100% interest in the Trudeau Gold Property consisting of three non-contiguous claim groups surrounding Duparquet Lake in the province of Quebec, namely Fabie, Trudeau and Eastchester.

On March 8, 2021, the Company sold its Trudeau Gold property to Beyond Minerals Ltd. ("Beyond Minerals"). The sale price received by the Company was 1,000,000 shares of Beyond Minerals and a 1.0% NSR (see note 6).

(Expressed in Canadian dollars)

## 5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)

| | Mexico | | | | | Canada | USA | |
|---|---|---|---|---|---|---|---|---|
| | **Batopilas** | **Guigui** | **La Chinche** | **La Reyna** | **Others** | **Trudeau** | **Medicine Springs** | **Total** |
| **Exploration and evaluation assets** | | | | | | | | |
| **Acquisition costs** | | | | | | | | |
| **As of January 1, 2020** | $ 469,571 | $ 1,828,017 | $ - | $ - | $ 17,077 | $ - | $ - | $ 2,314,665 |
| Addition during the period | 127,691 | 497,098 | 1,069,246 | 42,543 | - | 813,596 | 33,831 | 2,584,005 |
| **As of December 31, 2020** | $ 597,262 | $ 2,325,115 | $ 1,069,246 | $ 42,543 | $ 17,077 | $ 813,596 | $ 33,831 | $ 4,898,670 |
| **Mineral exploration expenses for the year ended December 31, 2020** | | | | | | | | |
| Consulting and reporting | $ 6,390 | $ 57,342 | $ 499 | $ - | $ - | $ 4,500 | $ - | $ 68,731 |
| Claim staking | - | - | - | - | - | - | 46,282 | 46,282 |
| Mineral taxes | 34,216 | 154,893 | 3,648 | 7,479 | - | - | 90,492 | 290,728 |
| Drilling | 1,324 | 3,624 | 103 | - | - | - | - | 5,051 |
| Geology and exploration | 166,777 | 472,236 | 12,071 | 8,232 | - | - | 39,205 | 698,521 |
| Geophysics | - | 5,717 | - | - | - | - | - | 5,717 |
| Other property related expenses | 17,981 | 49,409 | 1,404 | - | - | - | 8,333 | 77,127 |
| | $ 226,688 | $ 743,221 | $ 17,725 | $ 15,711 | $ - | $ 4,500 | $ 184,312 | $ 1,192,157 |
| **Cumulative mineral exploration expenses up to December 31, 2020** | | | | | | | | |
| Consulting and reporting | $ 6,390 | $ 258,802 | $ 499 | $ - | $ - | $ 4,500 | $ - | $ 270,191 |
| Claim staking | - | - | - | - | - | - | 46,282 | 46,282 |
| Mineral taxes | 79,606 | 329,818 | 3,648 | 7,479 | - | - | 90,492 | 511,043 |
| Drilling | 1,324 | 3,624 | 103 | - | - | - | - | 5,051 |
| Geology and exploration | 166,777 | 493,493 | 12,071 | 8,232 | - | - | 39,205 | 719,778 |
| Geophysics | - | 5,717 | - | - | - | - | - | 5,717 |
| Other property related expenses | 17,981 | 90,377 | 1,404 | - | - | - | 8,333 | 118,095 |
| | $ 272,078 | $ 1,181,831 | $ 17,725 | $ 15,711 | $ - | $ 4,500 | $ 184,312 | $ 1,676,157 |

(Expressed in Canadian dollars)

## 5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)

| | Mexico | | | | | Canada | USA | |
|---|---|---|---|---|---|---|---|---|
| | Batopilas | Guigui | La Chinche | La Reyna | Others | Trudeau | Medicine Springs | Total |
| **Exploration and evaluation assets** | | | | | | | | |
| **Acquisition costs** | | | | | | | | |
| **As of January 1, 2021** | $ 597,262 | $ 2,325,115 | $ 1,069,246 | $ 42,543 | $ 17,077 | $ 813,596 | $ 33,831 | $ 4,898,670 |
| Addition during the period | - | - | 2,998,150 | 149,625 | - | - | 128,450 | 3,276,225 |
| Sale of property | - | - | - | - | - | (813,596) | - | (813,596) |
| **As of December 31, 2021** | $ 597,262 | $ 2,325,115 | $ 4,067,396 | $ 192,168 | $ 17,077 | $ - | $ 162,281 | $ 7,361,299 |
| **Mineral exploration expenses for the year ended December 31, 2021** | | | | | | | | |
| Consulting and reporting | $ 7,551 | $ 28,985 | $ 1,602 | $ - | $ - | $ - | $ - | $ 38,138 |
| Mineral taxes | 17,630 | 64,556 | 8,842 | 45,744 | - | - | 214,871 | 351,643 |
| Drilling | 547,718 | 1,357,818 | 139,104 | - | - | - | - | 2,044,640 |
| Geology and exploration | 854,197 | 3,155,418 | 193,932 | 64,759 | - | - | 141,766 | 4,410,072 |
| Geophysics | 12,918 | 44,111 | - | - | - | - | - | 57,029 |
| Other property related expenses | 163,743 | 623,187 | 40,398 | - | - | - | 47,114 | 874,442 |
| Permitting | - | - | - | - | - | - | 5,217 | 5,217 |
| Reimbursements from optionee | - | - | - | - | (20,000) | - | - | (20,000) |
| | $ 1,603,757 | $ 5,274,075 | $ 383,878 | $ 110,503 | $ (20,000) | $ - | $ 408,968 | $ 7,761,181 |
| **Cumulative mineral exploration expenses up to December 31, 2021** | | | | | | | | |
| Consulting and reporting | $ 13,941 | $ 287,787 | $ 2,101 | $ - | $ - | $ 4,500 | $ - | $ 308,329 |
| Claim staking | - | - | - | - | - | - | 46,282 | 46,282 |
| Mineral taxes | 97,236 | 394,374 | 12,490 | 53,223 | - | - | 305,363 | 862,686 |
| Drilling | 549,042 | 1,361,442 | 139,207 | - | - | - | - | 2,049,691 |
| Geology and exploration | 1,020,974 | 3,648,911 | 206,003 | 72,991 | - | - | 180,971 | 5,129,850 |
| Geophysics | 12,918 | 49,828 | - | - | - | - | - | 62,746 |
| Other property related expenses | 181,724 | 713,564 | 41,802 | - | - | - | 55,447 | 992,537 |
| Permitting | - | - | - | - | - | - | 5,217 | 5,217 |
| Reimbursements from optionee | - | - | - | - | (20,000) | - | - | (20,000) |
| | $ 1,875,835 | $ 6,455,906 | $ 401,603 | $ 126,214 | $ (20,000) | $ 4,500 | $ 593,280 | $ 9,437,338 |

## 6. INVESTMENT

On March 8, 2021, the Company sold its Trudeau Gold property to Beyond Minerals. The sale price received by the Company was 1,000,000 shares of Beyond Minerals and a 1.0% NSR (see note 5(h)). The Trudeau property had been valued at $813,596 on the Company balance sheet following the acquisition of the property via the RTO with Century Metals.

As of December 31, 2021, the Company valued the shares of Beyond Minerals at $100,000, based on the last financing round completed by Beyond Minerals at $0.10 per share. As a result, the Company recorded a write-down of investment in the amount of $713,596 on the statement of loss and comprehensive loss.

## 7. SHARE CAPITAL

### a. Authorized

There are an unlimited number of common shares without par value.
There are an unlimited number of preferred shares without par value.

### b. Common share issuance

<u>During the year ended December 31, 2020:</u>

(i) Reyna and Century jointly completed a number of non-brokered private placements by issuing a total of 32,988,030 units ("Unit") at a price of $0.20 per Unit for gross proceeds of $6,597,606, $762,997 of which was received during the year ended December 31, 2019. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for a 24-month period at a price of $0.45, expiring on June 3, 2022. Under the residual value approach, no value was assigned to the warrant component of the Units.

In connection with the private placements, the Company paid a total of $240,313 cash finder's fee and issued 428,961 finder's shares valued $0.20 per share for $85,792. The Company also issued 7,000 finder's warrants, each of which is exercisable into one unit at a price of $0.20, and 1,423,583 finder's warrants, each of which is exercisable into one common share $0.45 respectively for a period of 24 months, expiring on June 3, 2022. The values of the finder's warrants were determined to be $602 and $60,645 respectively and were calculated using the Black-Scholes option pricing model. In addition, the Company issued 114,450 compensation options, each of which is exercisable into one Unit at a price of $0.20 for a period of 24 months, expiring on June 3, 2022. The value of the compensation options was determined to be $9,843 and was calculated using the Black-Scholes option pricing model.

(ii) On August 19, 2020, the Company completed a non-brokered private placement by issuing 11,300,000 units ("Unit") at a price of $0.62 per Unit for gross proceeds of $7,006,000. Each Unit consists of one common share one one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for a 24-month period at a price of $0.90, expiring on August 19, 2022. Under the residual value approach, no value was assigned to the warrant component of the Units.

In connection with the private placement, the Company paid a total of $419,326 cash finder's fee and issued 734,204 finder's warrants, each of which is exercisable into one Unit at a price of $0.62 for a period of 24 months, expiring on August 19, 2022. The value of the finder's warrants was determined to be $655,497 calculated using the Black-Scholes option pricing model. Another $161,716 was also included as share issue costs.

## 7. SHARE CAPITAL, (Continued)

### b. Common share issuance (Continued)

During the year ended December 31, 2020: (Continued)

(iii) On September 18, 2020, the Company issued 250,000 common shares pursuant to a mineral property option agreement (see Note 5(c)).

(iv) During the year ended December 31, 2020, the Company issued 166,668 common shares with a fair value of $16,667 to its consultants for geological consulting services and issued 284,760 common shares with a fair value of $298,998 to its directors and officers for consulting services.

During the year ended December 31, 2021:

(i) On June 22, 2021, the Company completed a non-brokered private placement by issuing 7,298,134 units ("Unit") at a price of $0.83 per Unit for gross proceeds of $6,057,451. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for a 24-month period at a price of $1.25, expiring on June 22, 2023. Under the residual value approach, no value was assigned to the warrant component of the Units.

In connection with the private placement, the Company paid a total of $371,482 cash finder's fee and issued 446,978 finder's warrants, each of which is exercisable into one Unit at a price of $0.83 for a period of 24 months, expiring on June 22, 2023. The value of the finder's warrants was determined to be $176,154 calculated using the Black-Scholes option pricing model. Another $170,971 was also included as share issue costs.

(ii) The Company issued 699,666 common shares with a fair value of $699,666 to its consultants for geological consulting services

### c. Escrowed shares

2,968,212 common shares were placed in escrow in accordance with the escrow agreement dated April 3, 2019, where 10% of the escrowed common shares were released on June 10, 2019 and 15% every six months thereafter. As at December 31, 2021, 445,232 common shares were held in escrow.

12,076,501 common shares were placed in escrow in accordance with the escrow agreement dated June 3, 2020, where 10% of the escrowed common shares were released on June 4, 2020 and 15% every six months thereafter. As at December 31, 2021, 5,434,426 common shares were held in escrow.

(Expressed in Canadian dollars)

## 7. SHARE CAPITAL, (Continued)

### d. Preferred share issuance

On August 3, 2018, Reyna, a pre-RTO predecessor company, issued 100 preferred shares pursuant to the Agreement with MAG Silver.

The preferred shares would automatically convert to common shares, without the payment of any additional consideration by MAG Silver, upon the date the Company completed its initial public offering ("IPO") by way of prospectus or other business transaction such as a reverse take-over, with the Company's common shares becoming listed on the TSX Venture Exchange (or similar) and the Company raising aggregate gross proceeds of no less than $5,000,000 in conjunction with the IPO.

The number of common shares to be issued upon conversion of the preferred shares shall be the number of common shares such that following the conversion, MAG Silver would hold 19.9% of the issued and outstanding common shares of the Company.

As of December 31, 2018, it was estimated that the 100 preferred shares would therefore be converted into approximately 11,432,758 common shares of the resulting company, with each common share valued at $0.20 for a total value of $2,286,552.

On June 3, 2020, upon the completion of the RTO and the private placements, the 100 preferred shares were converted into 14,556,706 common shares, with each common share valued at $0.20 for a total value of $2,911,341, resulting in an increase in the value of the exploration and evaluation assets by $624,789.

### e. Stock options

Stock option transactions and the number of stock options, including the compensation options and advisor options, for the year ended December 31, 2021 are summarized as follows:

| Expiry date | Exercise price | December 31, 2020 | Granted | Exercised | Expired / Cancelled | December 31, 2021 |
|---|---|---|---|---|---|---|
| June 3, 2022 | $ 0.20 | 575,000 | - | (200,000) | - | 375,000 |
| June 3, 2022 | $ 0.45 | 89,685 | - | - | - | 89,685 |
| September 13, 2029 | $ 0.57 | 200,000 | - | (12,500) | - | 187,500 |
| October 13, 2025 | $ 1.13 | 1,600,000 | - | - | - | 1,600,000 |
| March 30, 2024 | $ 1.00 | - | 130,000 | - | - | 130,000 |
| January 12, 2026 | $ 1.03 | - | 502,400 | - | - | 502,400 |
| December 16, 2026 | $ 0.71 | - | 1,600,000 | - | - | 1,600,000 |
| Options outstanding | | 2,464,685 | 2,232,400 | (212,500) | - | 4,484,585 |
| Options exercisable | | 2,464,685 | 2,157,400 | - | - | 4,409,585 |
| Weighted average exercise price | | $ 0.84 | $ 0.80 | $ 0.22 | $ - | $ 0.85 |

As at December 31, 2021, the weighted average contractual remaining life of options is 4.00 years (December 31, 2020 – 4.20 years). The weighted average fair value of stock options granted during the year ended December 31, 2021 was $0.51 (December 31, 2020 - $0.54).

(Expressed in Canadian dollars)

## 7. SHARE CAPITAL (Continued)

### e. Stock options (Continued)

Stock option transactions and the number of stock options for the year ended December 31, 2020 are summarized as follows:

| Expiry date | Exercise price | December 31, 2019 | Granted | Exercised | Expired / Cancelled | December 31, 2020 |
|---|---|---|---|---|---|---|
| June 3, 2022 | $ 0.20 | - | 905,000 | (330,000) | - | 575,000 |
| June 3, 2022 | $ 0.45 | - | 366,535 | (276,850) | - | 89,685 |
| September 13, 2029 | $ 0.57 | - | 265,625 | (65,625) | - | 200,000 |
| October 13, 2025 | $ 1.13 | - | 1,600,000 | - | - | 1,600,000 |
| Options outstanding | | - | 3,137,160 | (672,475) | - | 2,464,685 |
| Options exercisable | | - | 3,137,160 | - | - | 2,464,685 |
| Weighted average exercise price | | $ - | $ 0.73 | $ 0.34 | $ - | $ 0.84 |

The weighted average assumptions used to estimate the fair value of options for the years ended December 31, 2021 and 2020 were as follows:

| | 2021 | 2020 |
|---|---|---|
| Expected dividend yield | 0.00% | 0.00% |
| Expected stock price volatility | 77.96% - 84.89% | 78.25% - 99% |
| Risk-free interest rate | 1.25% - 1.32% | 1.29% - 1.68% |
| Forfeiture rate | 0.00% | 0.00% |
| Expected life of options | 3 years - 5 years | 2 years - 10 years |

### f. Warrants

The continuity of warrants for the year ended December 31, 2021 is as follows:

| Expiry date | | Exercise price | December 31, 2020 | Issued | Exercised | Expired | December 31, 2021 |
|---|---|---|---|---|---|---|---|
| August 17, 2021 | (a) | $ 0.74 | 1,000,000 | - | - | (1,000,000) | - |
| June 3, 2022 | (b) | $ 0.45 | 12,833,496 | - | (2,901,743) | - | 9,931,753 |
| August 19, 2022 | | $ 0.90 | 5,575,000 | - | (12,500) | - | 5,562,500 |
| January 1, 2022 | (a) (c) | $ 0.75 | - | 3,000,000 | (245,000) | - | 2,755,000 |
| July 1, 2022 | (a) | $ 1.00 | - | 3,500,000 | - | - | 3,500,000 |
| June 22, 2023 | | $ 1.25 | - | 3,649,067 | - | - | 3,649,067 |
| Warrants outstanding | | | 19,408,496 | 10,149,067 | (3,159,243) | (1,000,000) | 25,398,320 |
| Weighted average exercise price | | | $ 0.59 | $ 1.02 | $ 0.48 | $ 0.74 | $ 0.77 |

(a) These warrants were granted pursuant to the mineral property option agreement (see note 5(c)).
(b) Subsequently, 640,000 warrants were exercised.
(c) Subsequently, 2,755,000 warrants expired unexercised.

(Expressed in Canadian dollars)

## 7. SHARE CAPITAL (Continued)

### f. Warrants (Continued)

As at December 31, 2021, the weighted average contractual remaining life of warrants is 0.58 years (December 31, 2020 – 1.44 years).

The continuity of warrants for the year ended December 31, 2020 is as follows:

| Expiry date | | Exercise price | December 31, 2019 | Issued | Exercised | Expired | December 31, 2020 |
|---|---|---|---|---|---|---|---|
| August 17, 2021 | (a) | $ 0.74 | - | 1,000,000 | - | - | 1,000,000 |
| June 3, 2022 | | $ 0.45 | - | 16,554,738 | (3,721,242) | - | 12,833,496 |
| August 19, 2022 | | $ 0.90 | - | 5,650,000 | (75,000) | - | 5,575,000 |
| Warrants outstanding | | | - | 23,204,738 | (3,796,242) | - | 19,408,496 |
| Weighted average exercise price | | | $ - | $ 0.57 | $ 0.46 | $ - | $ 0.59 |

(a) These warrants were granted pursuant to the mineral property option agreement (see note 5(c))

The assumptions used to estimate the fair value of warrants issued pursuance to the mineral property option agreement for the years ended December 31, 2021 and 2020 was as follows:

| | 2021 | 2020 |
|---|---|---|
| Expected dividend yield | 0.00% | 0.00% |
| Expected stock price volatility | 73.96% - 80.63% | 54.46% |
| Risk-free interest rate | 0.25% - 0.50% | 1.00% |
| Forfeiture rate | 0.00% | 0.00% |
| Expected life of warrants | 1 year | 1 year |

### g. Finder's Warrants

The continuity of finder's warrants for the year ended December 31, 2021 is as follows:

| Expiry date | | Exercise price | December 31, 2020 | Issued | Exercised | Expired | December 31, 2021 |
|---|---|---|---|---|---|---|---|
| June 3, 2022 | | $ 0.45 | 911,283 | - | (57,138) | - | 854,145 |
| August 19, 2022 | (a) | $ 0.62 | 734,204 | - | - | - | 734,204 |
| June 22, 2023 | (b) | $ 0.83 | - | 446,978 | - | - | 446,978 |
| Finders warrants outstanding | | | 1,645,487 | 446,978 | (57,138) | - | 2,035,327 |
| Weighted average exercise price | | | $ 0.53 | $ 0.83 | $ 0.45 | $ - | $ 0.59 |

(a) Each compensation warrant is exercised into one common share and one-half of a warrant, where each full warrant is then exercisable into one common share at $0.62 for a period of 2 years.

(b) Each compensation warrant is exercised into one common share and one-half of a warrant, where each full warrant is then exercisable into one common share at $1.25 for a period of 2 years.

As at to December 31, 2021, the weighted average contractual remaining life of finder's warrants is 0.73 years (December 31, 2020 – 1.52 years).

(Expressed in Canadian dollars)

## 7. SHARE CAPITAL (Continued)

### g. Finder's Warrants (Continued)

The continuity of finder's warrants for the year ended December 31, 2020 is as follows:

| Expiry date | | Exercise price | December 31, 2019 | Issued | Exercised | Expired | December 31, 2020 |
|---|---|---|---|---|---|---|---|
| June 3, 2022 | (a) | $ 0.20 | - | 114,450 | (114,450) | - | - |
| June 3, 2022 | (a) | $ 0.20 | - | 7,000 | (7,000) | - | - |
| June 3, 2022 | | $ 0.45 | - | 1,423,583 | (512,300) | - | 911,283 |
| August 19, 2022 | (b) | $ 0.62 | - | 734,204 | - | - | 734,204 |
| Finders warrants outstanding | | | - | 2,279,237 | (633,750) | - | 1,645,487 |
| Weighted average exercise price | | | $ - | $ 0.49 | $ 0.40 | $ - | $ 0.53 |

(a) Each compensation warrant is exercised into one common share and one-half of a warrant, where each full warrant is then exercisable into one common share at $0.45 for a period of 2 years.

(b) Each compensation warrant is exercised into one common share and one-half of a warrant, where each full warrant is then exercisable into one common share at $0.62 for a period of 2 years.

The weighted average assumptions used to estimate the fair value of finder's warrants for the years ended December 31, 2021 and 2020 were as follows:

| | 2021 | 2020 |
|---|---|---|
| Expected dividend yield | 0.00% | 0.00% |
| Expected stock price volatility | 81.51% | 79.83% |
| Risk-free interest rate | 0.72% | 1.60% |
| Forfeiture rate | 0.00% | 0.00% |
| Expected life of options | 2 years | 2 years |

## 8. LOSS PER SHARE

**Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the year ended December 31, 2021 was based on the loss attributable to common shareholders of $11,857,689 (December 31, 2020 – $5,661,976) and a weighted average number of common shares outstanding of 96,421,246 (December 31, 2020 – 63,861,437).

Diluted loss per share did not include the effect of 25,398,320 warrants, 4,484,585 stock options and advisor options and 2,035,327 finders' warrants (December 31, 2020 – 19,408,496 warrants, 2,464,685 stock options and advisor options and 1,645,487 finders' warrants) since they were anti-dilutive.

(Expressed in Canadian dollars)

## 9. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the year ended December 31, 2021

| | Cash payments | Shares issued | Share-based payments | Total |
|---|---|---|---|---|
| Jorge Ramiro Monroy (1)<br>Chief Executive Officer, Director | $ 300,000 | $ - | $ 178,760 | $ 478,760 |
| Michael Wood (2)<br>Chief Financial Officer, Director | $ 120,000 | $ - | $ 178,760 | $ 298,760 |
| Peter Jones (3)<br>Director | $ 25,000 | $ - | $ 134,070 | $ 159,070 |
| Alex Langer (4)<br>Director | $ 20,000 | $ - | $ 111,725 | $ 131,725 |
| Evaristo Trevino (5)<br>Director | $ 15,000 | $ - | $ 111,725 | $ 126,725 |
| Ariel Navarro - Vice President of Exploration of the Company | $ - | $ 33,333 | $ - | $ 33,333 |
| TOTAL: | $ 480,000 | $ 33,333 | $ 715,040 | $ 1,228,373 |

For the year ended December 31, 2020

| | Cash payments | Shares issued | Share-based payments | Total |
|---|---|---|---|---|
| Jorge Ramiro Monroy (1)<br>Chief Executive Officer, Director | $ 313,000 | $ 100,000 | $ 295,240 | $ 708,240 |
| Michael Wood (2)<br>Chief Financial Officer, Director | $ 136,000 | $ 100,000 | $ 295,240 | $ 531,240 |
| Peter Jones (3)<br>Director | $ 12,500 | $ 33,000 | $ 229,785 | $ 275,285 |
| Alex Langer (4)<br>Director | $ 85,000 | $ 32,999 | $ 184,525 | $ 302,524 |
| Evaristo Trevino (5)<br>Director | $ 3,750 | $ 32,999 | $ 184,525 | $ 221,274 |
| Alex Tsang (6)<br>Former Chief Financial Officer | $ 2,000 | $ - | $ 8,355 | $ 10,355 |
| Sandy Chim (7)<br>Former director | $ - | $ - | $ 8,355 | $ 8,355 |
| TOTAL: | $ 552,250 | $ 298,998 | $ 1,206,025 | $ 2,057,273 |

(Expressed in Canadian dollars)

## 9. RELATED PARTY TRANSACTIONS (Continued)

(1) Jorge Ramiro Monroy's cash payments as the Chief Executive Officer were paid through Emerging Markets Capital Limited while the shares issued and share-based payments were to Mr. Monroy himself.
(2) Michael Wood became the director of the Company effective June 3, 2020 and the Chief Financial Officer effective July 6, 2020. Mr. Wood's cash payments as the Chief Financial Officer were paid through Reyna Silver Hong Kong Limited and Athena Jade Limited while the shares issued and share-based payments were to Mr. Wood himself.
(3) Peter Jones became the director of the Company effective June 3, 2020.
(4) Alex Langer's director fee was paid to his company Andros Capital Corp.
(5) Evaristo Trevino became the director of the Company effective September 21, 2020.
(6) Alex Tsang became the Chief Financial Officer of the Company effective June 3, 2020 and resigned effective July 6, 2020.
(7) Sandy Chim became the director of the Company effective June 3, 2020 and resigned effective September 21, 2020.

Related party transactions and balances:

| Amounts in due to related parties: | Services for: | For the years ended December 31 2021 | For the years ended December 31 2020 | As at December 31, 2021 | As at December 31, 2020 |
|---|---|---|---|---|---|
| Emerging Capital Markets [1] | Management fee | $ 300,000 | $ 313,000 | $ - | $ - |
| Reyna Silver Hong Kong Limited [2] | Management fee | 60,000 | 136,000 | - | - |
| Athena Jade Limited [3] | Management fee | 60,000 | - | - | - |
| Andros Capital Corp. [4] | Management fee and consulting fee | 20,000 | 85,000 | - | - |
| Total | | $ 440,000 | $ 534,000 | $ - | $ - |

(1) Jorge Ramiro Monroy is the managing director of this private company.
(2) Michael Wood and Jorge Ramiro Monroy are the sole directors of this private company.
(3) Michael Wood is the sole director of this private company.
(4) Alex Langer is the owner of this private company.

## 10. COMMITMENTS

The Company is committed to issue a total of 1,401,667 common shares to its directors, officers and consultants over the next 12 months for consulting and geological consulting services. Subsequent to December 31, 2021, the Company issued 155,843 common shares to its directors and officers.

## 11. FINANCIAL INSTRUMENTS

The fair value of the Company's cash and cash equivalents, receivables (excluding sales tax) and trade and other payables approximate their carrying values.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

**11. FINANCIAL INSTRUMENTS** (Continued)

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company does not have any financial instruments measured at fair value.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest risk, currency and industry risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash holdings and receivables. The Company manages credit risk by placing cash with major Canadian and Mexican financial institutions. Management believes that credit risk related to these amounts is low.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash and cash equivalents, primarily through private placements. The Company access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

(c) Interest rate risk

Interest rate risk is the risk that any investment income or investment value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk is minimal.

(d) Currency risk

The Company's property interests in Mexico and USA make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and the Mexican pesos as well as between the Canadian dollar and the US dollar. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liabilities of approximately 138,429,000 Mexican pesos and 409,000 US dollars. A 1% change in the absolute rate of exchange in Mexican pesos and US dollar would affect its net loss by approximately $72,000.

(Expressed in Canadian dollars)

## 11. **FINANCIAL INSTRUMENTS** (Continued)

(e) Management of industry risk

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

## 12. CAPITAL MANAGEMENT

The Company manages its cash and cash equivalents, common shares, warrants, finder's warrants and share purchase options as capital (see Note 7). The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry out its exploration or operations in the near term.

## 13. INCOME TAXES

No provision has been made for current income taxes as the Company has no taxable income. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

| | 2021 | 2020 |
|---|---|---|
| Loss before income taxes | $ 11,857,689 | $ 5,661,976 |
| Effective statutory rate | 28.73% | 27.56% |
| Expected income tax recovery | 3,406,400 | 1,560,700 |
| Net adjustment for amortization and non-deductible amounts | (354,200) | (86,700) |
| True-up of prior year amounts | (73,200) | - |
| Change in unrecognized benefit of tax pool assets | (2,979,000) | (1,474,000) |
| Total deferred income tax recovery | $ - | $ - |

(Expressed in Canadian dollars)

## 13. INCOME TAXES

The components of the Company's deferred income tax assets and liabilities are estimated as follows:

| | 2021 | 2020 |
|---|---|---|
| **Deferred income tax assets** | | |
| Exploration and evaluation assets | $ 184,000 | $ 403,000 |
| Non-capital loss carryforwards | 4,462,000 | 1,525,000 |
| Investment | 193,000 | - |
| Share issue costs | 265,000 | 197,000 |
| | 5,104,000 | 2,125,000 |
| Valuation allowance | (5,104,000) | (2,125,000) |
| Net deferred income tax assets | $ - | $ - |

The Company's Canadian non-capital loss carry-forwards of approximately $6,634,000 expire between 2039 and 2041. The Company also has loss carry-forwards in Mexico and the USA of approximately $8,433,000 and $522,000, respectively.

## 14. SEGMENTED FINANCIAL INFORMATION

The Company operates in one industry segment, being the acquisition and exploration of mineral properties. Geographic information is as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Non-current assets | | |
| Mexico | $ 8,427,864 | $ 4,199,512 |
| USA | 162,281 | 33,831 |
| Canada | 100,000 | 813,596 |
| | $ 8,690,145 | $ 5,046,939 |

| | For the years ended December 31 2021 | 2020 |
|---|---|---|
| Mineral exploration expenses | | |
| Mexico | $ 7,372,213 | $ 1,003,345 |
| USA | 408,968 | 184,312 |
| Canada | - | 4,500 |
| | $ 7,781,181 | $ 1,192,157 |

## 15. EVENTS AFTER THE REPORTING PERIOD

(a) 640,000 warrants were exercised with exercise price at $0.45 after December 31, 2021.

(b) 4,000,000 warrants were granted pursuant to the mineral property option agreement (see Note 5(c)).

(c) The Company issued 155,843 common shares with a fair value of $119,999 to its directors and officers for consulting services on January 24, 2022. The share compensation was based on a 30-day volume weighted average price on closing of December 17, 2021 of $0.77 per share.