



REYNA SILVER

**REYNA SILVER CORP.**  
*(An Exploration Stage Company)*

**Condensed Consolidated Interim Financial Statements**

**For the three months ended  
March 31, 2021**

**(Unaudited)**

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

## Contents

	Page
Notice of No Auditor Review of Interim Financial Statements	3
Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statements of Comprehensive Loss	5
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity	6
Condensed Consolidated Interim Statements of Cash Flows	7
Notes To Condensed Consolidated Interim Financial Statements	8-25

**NOTICE OF NO AUDITOR REVIEW OF  
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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

	Note	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 10,319,369	\$ 11,294,878
Receivables		57,307	80,736
Prepaid expenses		120,512	147,344
		10,497,188	11,522,958
<b>Non-current</b>			
Exploration and evaluation assets	5	6,262,003	4,898,670
Investment	5(h)	813,596	-
VAT receivables		280,055	148,269
		7,355,654	5,046,939
		\$ 17,852,842	\$ 16,569,897
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		\$ 118,301	\$ 448,453
		118,301	448,453
<b>SHAREHOLDERS' EQUITY</b>			
Common shares	6	20,597,172	19,861,914
Reserves	6	4,969,578	2,617,471
Deficit		(7,832,209)	(6,357,941)
		17,734,541	16,121,444
		\$ 17,852,842	\$ 16,569,897

**Nature of Operations and Going Concern (Note 1)**  
**Events After the Reporting Period (Note 13)**

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 27, 2021. They are signed on the Company's behalf by:

**“Jorge Ramiro Monroy”**

\_\_\_\_\_  
Jorge Ramiro Monroy, Director

**“Alex Langer”**

\_\_\_\_\_  
Alex Langer, Director

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

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

		<b>For the three months ended March 31</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
Exploration expenses	5	\$ 690,435	\$ 160,095
Administrative expenses			
Accounting and audit		20,552	13,581
Bank charges		1,930	998
Consulting		86,514	177,867
Legal		16,977	519
Management and director fees	8	120,000	60,000
Marketing and shareholders communication		141,204	141,309
Office		16,294	4,661
Share-based compensation	6(f)	269,514	-
Transfer agent, listing and filing fees		28,418	-
Foreign exchange		87,289	25,507
		788,692	424,442
Other items			
Interest income		4,859	-
		1,474,268	584,537
Net loss before income taxes			
Other comprehensive loss			
Cumulative translation adjustment		(955)	-
		\$ 1,473,313	\$ 584,537
Total comprehensive loss for the period			
Basic and diluted loss per share		\$ 0.02	\$ 0.02
Weighted average number of common shares outstanding		91,145,514	32,998,672

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

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

	Note	Common Shares			Preferred Shares		Reserves					Total	Deficit	Total shareholders' equity
		Number of shares	Amount	Shares subscribed	Number of shares	Amount	Equity-settled employee benefits	Finder's warrants	Warrants	Foreign exchange reserve				
<b>Balance as at December 31, 2019</b>	<b>(Audited)</b>	19,660,666	\$ 858,076	\$ 762,997	100	\$ 2,286,552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (695,965)	\$ 3,211,660
Shares issued:														
Private placements	6(b)	25,525,530	5,105,106	(762,997)	-	-	-	-	-	-	-	-	-	4,342,109
Share issue costs	6(b)	428,961	(189,466)	-	-	-	9,843	39,584	-	-	-	49,427	-	(140,039)
Pursuant to Purchase Agreement	6(e)	14,556,706	2,911,341	-	(100)	(2,286,552)	-	-	-	-	-	-	-	624,789
Advisor options		-	-	-	-	-	93,572	-	-	-	-	93,572	-	93,572
Net loss and comprehensive loss		-	-	-	-	-	-	-	-	-	-	-	(584,537)	(584,537)
<b>Balance as at March 31, 2020</b>	<b>(Unaudited)</b>	60,171,863	8,685,057	-	-	-	103,415	39,584	-	-	-	142,999	(1,280,502)	7,547,554
Shares issued:														
Pursuant to reverse takeover of Century	4	5,348,279	1,069,656	-	-	-	-	-	-	-	-	-	-	1,069,656
Private placements	6(b)	7,462,500	1,492,500	-	-	-	-	-	-	-	-	-	-	1,492,500
Share issue costs	6(b)	-	(121,937)	-	-	-	-	21,663	-	-	-	21,663	-	(100,274)
In lieu of services rendered	6(b)	451,428	315,665	-	-	-	-	-	-	-	-	-	-	315,665
For property acquisition	6(b)	250,000	342,500	-	-	-	-	-	-	-	-	-	-	342,500
Warrants issued for property acquisition	6(g)	-	-	-	-	-	-	-	670,500	-	-	670,500	-	670,500
Exercise of options	6(f)	672,475	279,860	-	-	-	(51,871)	-	-	-	-	(51,871)	-	227,989
Exercise of finders' warrants	6(h)	633,750	287,093	-	-	-	-	(32,269)	-	-	-	(32,269)	-	254,824
Exercise of warrants	6(g)	3,796,242	1,742,059	-	-	-	-	-	-	-	-	-	-	1,742,059
Private placements	6(b)	11,300,000	7,006,000	-	-	-	-	-	-	-	-	-	-	7,006,000
Share issue costs	6(b)	-	(1,236,539)	-	-	-	-	655,497	-	-	-	655,497	-	(581,042)
Share-based payments	6(f)	-	-	-	-	-	1,228,305	-	-	-	-	1,228,305	-	1,228,305
Net loss and comprehensive loss		-	-	-	-	-	-	-	-	(17,353)	-	(17,353)	(5,077,439)	(5,094,792)
<b>Balance as at December 31, 2020</b>	<b>(Audited)</b>	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:														
Warrants issued for property acquisition	6(g)	-	-	-	-	-	-	-	2,120,700	-	-	2,120,700	-	2,120,700
Exercise of options	6(f)	212,500	83,753	-	-	-	(36,628)	-	-	-	-	(36,628)	-	47,125
Exercise of finders' warrants	6(h)	57,138	28,146	-	-	-	-	(2,434)	-	-	-	(2,434)	-	25,712
Exercise of warrants	6(g)	1,372,743	623,359	-	-	-	-	-	-	-	-	-	-	623,359
Share-based payments	6(f)	-	-	-	-	-	269,514	-	-	-	-	269,514	-	269,514
Net loss and comprehensive loss		-	-	-	-	-	-	-	-	955	-	955	(1,474,268)	(1,473,313)
<b>Balance as at March 31, 2021</b>	<b>(Unaudited)</b>	91,728,918	\$ 20,597,172	\$ -	-	\$ -	\$ 1,512,735	\$ 682,041	\$ 2,791,200	\$ (16,398)	\$ -	\$ 4,969,578	\$ (7,832,209)	\$ 17,734,541

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

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

		<b>For the three months ended March 31</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for):</b>			
<b>Operating activities</b>			
Net loss		\$ (1,474,268)	\$ (584,537)
Items not involving cash:			
Consulting paid in common shares		-	142,999
Share-based compensation	6(f)	269,514	-
Foreign exchange		8,755	-
Changes in non-cash working capital items:			
Receivables		23,256	(43,686)
Prepaid expenses		26,832	(338,895)
VAT receivables		(137,713)	-
Trade and other payables		(330,152)	167,437
Cash (used in) operating activities		(1,613,775)	(656,682)
<b>Investing activities</b>			
Exploration and evaluation assets		(57,930)	-
Cash (used in) investing activities		(57,930)	-
<b>Financing activities</b>			
Net proceeds from issuance of common shares	6	696,196	4,915,640
Common shares subscribed	6	-	(762,997)
Shareholders' loans		-	(227,814)
Cash provided by financing activities		696,196	3,924,829
<b>Net increase in cash and cash equivalents</b>		(975,509)	3,268,147
<b>Cash and cash equivalents - beginning of the period</b>		11,294,878	1,104,553
<b>Cash and cash equivalents - end of the period</b>		\$ 10,319,369	\$ 4,372,700
<b>Supplemental disclosure with respect to cash flows:</b>			
Warrants issuance pursuant to property acquisition		\$ 2,120,700	\$ -
Exploration and evaluation assets included in accounts payable		33,831	-
Preferred share value adjustment pursuant to exploration and evaluation asset acquisition			624,789
			624,789

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

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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### 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 condensed consolidated interim 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

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.

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	March 31, 2021	December 31, 2020
Deficit	\$ (7,832,209)	\$ (6,357,941)
Working capital	\$ 10,378,887	\$ 11,074,505

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## **REYNA SILVER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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### **2. BASIS OF PRESENTATION**

#### **(a) Statement of compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

#### **(b) Basis of preparation**

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim 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**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company’s most recent annual financial statements for the year ended December 31, 2020.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2020. In the opinion of management, all adjustments considered necessary for fair presentation of the Company’s financial position, results of operations and cash flows have been included. Operating results for the three-month period ended March 31, 2021 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2021.

#### **New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the March 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.

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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

Effective June 3, 2020, the Company completed the acquisition of all 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) \$240,314 cash.

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.

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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

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.	<u>1,750,689</u>
Reduction to exploration and evaluation assets	<u>\$ (681,033)</u>

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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### 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 Corp. ("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 has been recorded in the Company's preferred shares as of December 31, 2019 and therefore, the balance of \$624,789 is added to the Exploration and Evaluation Assets (Note 6e). These 14,556,706 common shares are subject to a voluntary pooling arrangement in accordance with the Agreement (Note 6d).

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.

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(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
January 1, 2022	None	4,000,000 warrants exercisable for a period of 12 months at \$1.25
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;
- (iv) US\$75,000 - 18 months from signing;
- (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%.

## **REYNA SILVER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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### **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.

#### **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.
- (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 will be paid, plus 5% of any future cash payments, to the owner of the Medicine Spring claims.

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

#### **CANADA**

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

The Company holds 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, valued at \$813,596 as of March 31, 2021.

**REYNA SILVER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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

	Mexico					Canada	USA	Total
	Batopilas	Guigui	La Chinche	La Reyna	Others	Trudeau	Medicine Spring	
<b>Exploration and evaluation assets</b>								
<b>Acquisition costs</b>								
<b>As of January 1, 2020</b>	\$ 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
<b>As of December 31, 2020</b>	<b>\$ 597,262</b>	<b>\$ 2,325,115</b>	<b>\$ 1,069,246</b>	<b>\$ 42,543</b>	<b>\$ 17,077</b>	<b>\$ 813,596</b>	<b>\$ 33,831</b>	<b>\$ 4,898,670</b>
<b>Mineral exploration expenses for the year ended December 31, 2020</b>								
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
	<b>\$ 226,688</b>	<b>\$ 743,221</b>	<b>\$ 17,725</b>	<b>\$ 15,711</b>	<b>\$ -</b>	<b>\$ 4,500</b>	<b>\$ 184,312</b>	<b>\$ 1,192,157</b>
<b>Cumulative mineral exploration expenses up to December 31, 2020</b>								
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
	<b>\$ 272,078</b>	<b>\$ 1,181,831</b>	<b>\$ 17,725</b>	<b>\$ 15,711</b>	<b>\$ -</b>	<b>\$ 4,500</b>	<b>\$ 184,312</b>	<b>\$ 1,676,157</b>

**REYNA SILVER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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

	Mexico					Canada	USA	Total
	Batopilas	Guigui	La Chinche	La Reyna	Others	Trudeau	Medicine Spring	
<b>Exploration and evaluation assets</b>								
<b>Acquisition costs</b>								
<b>As of January 1, 2021</b>	\$ 597,262	\$ 2,325,115	\$ 1,069,246	\$ 42,543	\$ 17,077	\$ 813,596	\$ 33,831	\$ 4,898,670
Addition during the period	-	-	2,120,700	56,229	-	-	-	2,176,929
Sale of property	-	-	-	-	-	(813,596)	-	(813,596)
<b>As of March 31, 2021</b>	<b>\$ 597,262</b>	<b>\$ 2,325,115</b>	<b>\$ 3,189,946</b>	<b>\$ 98,772</b>	<b>\$ 17,077</b>	<b>\$ -</b>	<b>\$ 33,831</b>	<b>\$ 6,262,003</b>
<b>Mineral exploration expenses for the period ended March 31, 2021</b>								
Consulting and reporting	\$ 1,953	\$ 7,496	\$ 414	\$ -	\$ -	\$ -	\$ -	\$ 9,863
Mineral taxes	4,091	15,146	2,741	3,320	-	-	-	25,298
Drilling	9,101	34,933	1,931	-	-	-	-	45,965
Geology and exploration	89,371	304,684	16,317	4,865	-	-	7,545	422,782
Other property related expenses	36,933	141,760	7,834	-	-	-	-	186,527
	<b>\$ 141,449</b>	<b>\$ 504,019</b>	<b>\$ 29,237</b>	<b>\$ 8,185</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,545</b>	<b>\$ 690,435</b>
<b>Cumulative mineral exploration expenses up to March 31, 2021</b>								
Consulting and reporting	\$ 8,343	\$ 266,298	\$ 913	\$ -	\$ -	\$ 4,500	\$ -	\$ 280,054
Claim staking	-	-	-	-	-	-	46,282	46,282
Mineral taxes	83,697	344,964	6,389	10,799	-	-	90,492	536,341
Drilling	10,425	38,557	2,034	-	-	-	-	51,016
Geology and exploration	256,148	798,177	28,388	13,097	-	-	46,750	1,142,560
Geophysics	-	5,717	-	-	-	-	-	5,717
Other property related expenses	54,914	232,137	9,238	-	-	-	8,333	304,622
	<b>\$ 413,527</b>	<b>\$ 1,685,850</b>	<b>\$ 46,962</b>	<b>\$ 23,896</b>	<b>\$ -</b>	<b>\$ 4,500</b>	<b>\$ 191,857</b>	<b>\$ 2,366,592</b>



## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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### 6. 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

During the year ended December 31, 2020:

- (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 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 \$0.90, 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.

- (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.

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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### 6. SHARE CAPITAL, (Continued)

#### 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 March 31, 2021, 1,335,696 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 March 31, 2021, 9,057,376 common shares were held in escrow.

#### d. Pooling agreement

14,556,706 common shares held by MAG Silver are subject to a voluntary pooling arrangement in accordance with the Agreement, where 25% of these common shares were free-trading on June 3, 2020 and 25% will become free-trading every six months thereafter. As at March 31, 2021, 7,278,354 common shares were held in escrow.

#### e. 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.

**REYNA SILVER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

**6. SHARE CAPITAL (Continued)****f. Stock options**

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

<b>Expiry date</b>	<b>Exercise price</b>	<b>December 31, 2020</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired / Cancelled</b>	<b>March 31, 2021</b>
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
Options outstanding		2,464,685	632,400	(212,500)	-	2,884,585
Options exercisable		2,464,685	632,400	-	-	2,519,585
Weighted average exercise price	\$	0.84	\$ 1.02	\$ 0.22	\$ -	\$ 0.93

As at March 31, 2021, the weighted average contractual remaining life of options is 4.23 years (December 31, 2020 – 4.20 years). The weighted average fair value of stock options granted during the three months ended March 31, 2021 was \$0.66 (March 31, 2020 - \$0.27).

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

<b>Expiry date</b>	<b>Exercise price</b>	<b>December 31, 2019</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired / Cancelled</b>	<b>December 31, 2020</b>
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 three months ended March 31, 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	83.34% - 84.89%	78.25%
Risk-free interest rate	1.25% - 1.27%	1.69%
Forfeiture rate	0.00%	0.00%
Expected life of options	3 years - 5 years	2 years

**REYNA SILVER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

**6. SHARE CAPITAL (Continued)****g. Warrants**

The continuity of warrants for the three months ended March 31, 2021 is as follows:

Expiry date		Exercise price	December 31, 2020	Issued	Exercised	Expired	March 31, 2021				
August 17, 2021	(a)	\$ 0.74	1,000,000	-	-	-	1,000,000				
June 3, 2022	(i)	\$ 0.45	12,833,496	-	(1,360,243)	-	11,473,253				
August 19, 2022		\$ 0.90	5,575,000	-	(12,500)	-	5,562,500				
January 1, 2022	(a)	\$ 0.75	-	3,000,000	-	-	3,000,000				
Warrants outstanding			19,408,496	3,000,000	(1,372,743)	-	21,035,753				
Weighted average exercise price		\$	0.59	\$	0.75	\$	0.45	\$	-	\$	0.63

(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 pursuant to the mineral property option agreement for the three months ended March 31, 2021 and 2020 was as follows:

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

Subsequent to March 31, 2021:

(i) 493,375 warrants were exercised.

As at March 31, 2021, the weighted average contractual remaining life of warrants is 1.13 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)).

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

### 6. SHARE CAPITAL (Continued)

#### h. Finder's Warrants

The continuity of finder's warrants for the three months ended March 31, 2021 is as follows:

Expiry date	Exercise price	December 31, 2020	Issued	Exercised	Expired	March 31, 2021
June 3, 2022	\$ 0.45	911,283	-	(57,138)	-	854,145
August 19, 2022 (a)	\$ 0.62	734,204	-	-	-	734,204
Finders warrants outstanding		1,645,487	-	(57,138)	-	1,588,349
Weighted average exercise price	\$	0.53	\$	-	\$ 0.45	\$ - \$ 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 \$0.62 for a period of 2 years.

As at March 31, 2021, the weighted average contractual remaining life of finder's warrants is 1.27 years (December 31, 2020 – 1.52 years).

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 three months ended March 31, 2021 and 2020 were as follows:

	2021	2020
Expected dividend yield	-	0.00%
Expected stock price volatility	-	78.25%
Risk-free interest rate	-	1.69%
Forfeiture rate	-	0.00%
Expected life of options	-	2 years

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

### 7. LOSS PER SHARE

#### Basic and diluted loss per share

The calculation of basic and diluted loss per share for three months ended March 31, 2021 was based on the loss attributable to common shareholders of \$1,474,268 (three months ended March 31, 2020 – \$584,537) and a weighted average number of common shares outstanding of 91,145,514 (three months ended March 31, 2020 – 32,998,672).

Diluted loss per share did not include the effect of the preferred shares (March 31, 2020 – 100 preferred shares), 21,035,753 warrants, 2,884,585 stock options and advisor options and 1,588,349 finders' warrants (March 31, 2020 – 12,762,763 warrants, 1,274,535 stock options and advisor options and 1,042,958 finders' warrants) since they were anti-dilutive.

### 8. 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 three months ended March 31, 2021

	Cash payments	Shares issued	Share-based payments	Total
Jorge Ramiro Monroy <sup>(1)</sup> Chief Executive Officer, Director	\$ 75,000	\$ -	\$ -	\$ 75,000
Michael Wood <sup>(2)</sup> Chief Financial Officer, Director	\$ 30,000	\$ -	\$ -	\$ 30,000
Peter Jones <sup>(3)</sup> Director	\$ 6,250	\$ -	\$ -	\$ 6,250
Alex Langer <sup>(4)</sup> Director	\$ 5,000	\$ -	\$ -	\$ 5,000
Evaristo Trevino <sup>(5)</sup> Director	\$ 3,750	\$ -	\$ -	\$ 3,750
TOTAL:	\$ 120,000	\$ -	\$ -	\$ 120,000

For the three months ended March 31, 2020

	Cash payments	Shares issued <sup>(9)</sup>	Share-based payments	Total
Jorge Ramiro Monroy Chief Executive Officer, Director	\$ 36,000	\$ -	\$ -	\$ 36,000
Michael Wood Chief Financial Officer, Director	\$ 24,000	\$ -	\$ -	\$ 24,000
TOTAL:	\$ 60,000	\$ -	\$ -	\$ 60,000

(1) Jorge Ramiro Monroy's cash payments as the Chief Executive Officer were paid through Emerging Markets Capital Limited.

(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.

(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.

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

### 8. RELATED PARTY TRANSACTIONS, (Continued)

Related party transactions and balances:

Amounts in due to related parties:	Services for:	For the		As at	
		three months ended March 31	2020	March 31,	December 31,
		2021		2021	2020
Emerging Capital Markets <sup>(1)</sup>	Management fee	\$ 75,000	\$ 36,000	\$ -	\$ -
Reyna Silver Hong Kong Limited <sup>(2)</sup>	Management fee	30,000	24,000	-	-
Andros Capital Corp. <sup>(3)</sup>	Management fee and consulting fee	5,000	-	-	-
Total		\$ 110,000	\$ 60,000	\$ -	\$ -

<sup>(1)</sup> Jorge Ramiro Monroy is the managing director of this private company.

<sup>(2)</sup> Michael Wood and Jorge Ramiro Monroy are the sole directors of this private company.

<sup>(3)</sup> Alex Langer is the owner of this private company.

### 9. COMMITMENTS

The Company is committed to issue a total of 2,502,666 common shares to its directors, officers and consultants over the next 24 months for consulting and geological consulting services. On April 30, 2021, the Company issued 699,666 common shares toward partial annual compensation to seven advisors and consultants of the Company.

### 10. 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.

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.

Cash and cash equivalents are measured using level 1 inputs. There were no transfers between levels 1, 2 and 3.

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

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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### 10. FINANCIAL INSTRUMENTS (Continued)

#### (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 37,681,000 Mexican pesos. A 1% change in the absolute rate of exchange in Mexican pesos and US dollar would affect its net loss by approximately \$7,000.

#### (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.



## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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### 11. CAPITAL MANAGEMENT

The Company manages its cash and cash equivalents, common shares, warrants, finder's warrants and share purchase options as capital (see Note 6). 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.

### 12. SEGMENTED FINANCIAL INFORMATION

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Non-current assets		
Mexico	\$ 6,508,227	\$ 4,199,512
USA	33,831	33,831
Canada	813,596	813,596
	<u>\$ 7,355,654</u>	<u>\$ 5,046,939</u>
	<b>For the</b>	
	<b>three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Mineral exploration expenses		
Mexico	\$ 682,890	\$ 160,095
USA	7,545	-
	<u>\$ 690,435</u>	<u>\$ 160,095</u>

### 13. EVENTS AFTER THE REPORTING PERIOD

- (a) The Company issued 699,666 common shares toward partial annual compensation to seven advisors and consultants of the Company on April 30, 2021. The share compensation was based on a 20-day volume weighted average price of \$1.00 per share.

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

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### 13. EVENTS AFTER THE REPORTING PERIOD (Continued)

- (b) On May 26, 2021, the Company announced that it has entered into an agreement with Eight Capital and Red Cloud Securities Inc. (collectively, the "Agents") to act as co-lead agents in connection with a private placement of up to 6,025,000 units (the "Units") of the Company at a price of \$0.83 per Unit for gross proceeds of up to \$5,000,750 (the "Offering").

Each Unit will be comprised of one common share of the Company and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant shall be exercisable to acquire one common share of the Company at a price of \$1.25 at any time on or before the date which is 24 months after the closing date of the Offering.

The Agents will have an option, exercisable in full or in part, up to 48 hours prior to the closing of the Offering, to sell up to an additional 904,000 Units at \$0.83 per Unit for additional gross proceeds of up to \$750,320.

The Agents will receive a cash commission of 7.0% of the gross proceeds of the Offering as well as broker warrants in an amount equal to 7.0% of the number of Units sold pursuant to the Offering. Each broker warrant will be exercisable to purchase one Unit at \$0.83 for a period of 24 months following the closing date of the Offering.