



REYNASILVER

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

**Management Discussion and Analysis  
For the Year Ended December 31, 2021**

**Dated: April 29, 2022**

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## INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Reyna Silver Corp. ("Reyna Silver" or the "Company") and has been prepared based on information known to management as of April 28, 2022.

The MD&A is intended to complement and supplement the Company's consolidated financial statements, but it does not form part of those consolidated financial statements. The MD&A should be read in conjunction with the audited consolidated financial statements and the related notes for the years ended December 31, 2021 and 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included in those financial statements and/or this MD&A are quoted in Canadian dollars unless otherwise specified.

## FORWARD LOOKING STATEMENTS

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future results. Consequently, certain statements contained in this MD&A constitute expressed or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.

Forward looking statements that have been made in this MD&A include:

- Plans for exploration of the Company's exploration and evaluation assets;
- Impairment of long-lived assets;
- The progress, potential and uncertainties of the Company's exploration and evaluation assets in Mexico and USA (Nevada);
- References to future commodity prices;
- Budgets or estimates with respect to future activities;
- Estimates of how long the Company expects its working capital to last;
- Expectations regarding the ability to raise capital and to continue its exploration and development plans on its properties; and
- Management expectations of future activities and results.

## ADDITIONAL INFORMATION

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and/or on the Company's website at [www.reynasilver.com](http://www.reynasilver.com).

## SUMMARY AND OUTLOOK

Reyna is a growth-oriented junior exploration and development company. The Company focuses on exploring for high-grade, district-scale silver deposits in Mexico and USA.

The environment for junior resource companies has been challenging for many months and it is anticipated that recovery of the sector may take many more months. We evaluate our projects on a regular basis using criteria that include political environment, relative cost of exploration, seasonality and type of mineral. As a result of our review, we may from time to time add or drop specific Mineral Properties.



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.

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. Another \$170,971 was also included as share issue costs.

During the year ended December 31, 2021, the Company issued common shares pursuant to the exercise of 212,500 options, 57,138 finder's warrants and 3,159,243 warrants for cash proceeds of \$1,573,621.

Subsequent to December 31, 2021, the Company issued 640,000 common shares pursuant to the exercised warrants for cash proceeds of \$288,000.

The Company intends to use the net proceeds from the private placement and the exercise of options, finder's warrants and warrants for the exploration of the Company's Guigui, Batopilas, La Reyna and La Chinche projects in Mexico, as well as for Medicine Spring property in USA, and for general working capital purposes.

For the 2022 fiscal year, the Company continues to monitor its cash very closely and focuses on key objectives to improve shareholder value.

Additional Mineral Property information, including 2021 activity, can be found in Section 3 and more detailed Mineral Property information can be found on the Company's website at [www.reynasilver.com](http://www.reynasilver.com).

Management's overall expectations for the Company are positive, due in part to the following factors:

- ❑ The Company focuses its portfolio of properties with potential for high-grade, district-scale silver deposits;
- ❑ The Company's exploration team has an exceptional track record of discoveries; and
- ❑ The Company is well funded.

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## **1. Background**

Reyna Silver was incorporated in British Columbia, Canada, on August 24, 2017 under the *Business Corporations Act of British Columbia*. 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.

Reyna Silver Mining Inc. (“Reyna”) was incorporated under the Business Corporations Act (British Columbia) on June 19, 2018.

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”). 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”. Historical information on the formation of the Company can be found on the Company’s website [www.reynasilver.com](http://www.reynasilver.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **2. Overview**

### **2(a) Company Mission and Focus**

With an exceptional exploration team, the Company focuses its exploration work in a portfolio of properties with potential for high-grade, district-scale silver deposits.

### **2(b) Qualified Person**

Dr. Peter Megaw, Ph.D., C.P.G., is the Company’s Qualified Person under NI 43-101, reviewing the technical aspects of exploration projects described herein and is responsible for the design and conduct of the exploration programs and the verification and quality assurance of analytical results. Dr. Megaw is not independent as he and/or companies with which he is affiliated hold Net Smelter Royalties on the Guigui and Batopilas Projects that predate Reyna Silver acquiring them.

### **2(c) Description of Metal Markets**

Silver prices have remained above their long term averages, albeit with high levels of volatility.

### **2(d) Use of the terms “Mineral Resources” and “Mineral Reserves”**

Any reference in this MD&A to Mineral Resources does not mean Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

## **3. Mineral Properties**

The Company has properties in Mexico and also has an option to acquire 80% of the Medicine Springs property in Nevada, USA.



### **3(a) Mexico**

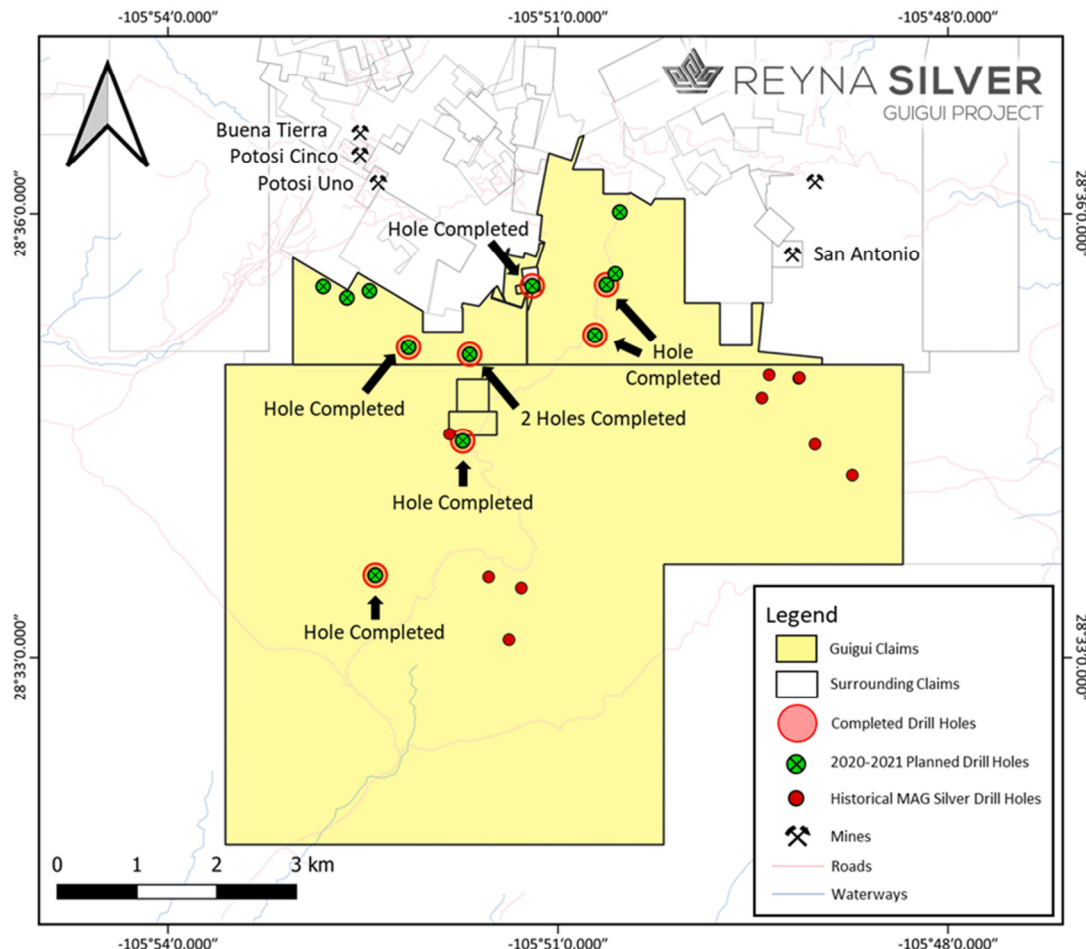
#### *i. Guigui Property*

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. The Guigui property is subject to a 2.5% net smelter royalty ("NSR") payable to the underlying owner with a right of first refusal.

On December 9, 2020, the Company announced initiation of a 10,000m diamond drilling program at its flagship Guigui Property in Chihuahua, Mexico. The program was focused on targeting the hypothesized intrusive source of the Santa Eulalia District, Mexico's largest, Carbonate Replacement Deposit (CRD). Drilling was targeted on a combination of surface geological mapping and geochemical sampling, extensive legacy geophysics and Worldview III hyperspectral alteration mapping.

On June 29, 2021, the Company announced that it successfully commissioned a second drill rig to expand the drilling program at its Guigui Property and increase stage 1 drilling to 12,000m. The Company had already completed 8,000 meters of the 12,000 meters planned for this first stage of exploration and this second rig would allow the Company to speed up the completion of the entire Phase 1.

The attached map includes the locations of the drill holes that had been completed as well as the drillholes yet to be drilled.



On September 7, 2021, in conjunction with release of data for the Batopilas Property, the Company provided an update on the progress of its drill campaigns at Guigui. The initial 12,000 meters of drilling planned as part of stage 1 had been completed. Result of the full program would be published in a press release once all assay results were received. Reyna had begun stage 2 drilling. Details of stage 2 drilling would be provided with stage 1 results.

On October 28, 2021, the Company reported initial results for its 13-hole Phase 1 drilling program on the Guigui Project. Two holes cut a previously unknown rhyolitic intrusion over 200 meters thick that has extensive high-grade sulphide mineralization along its base. The most significant hole was GG21-28 which intersected 54.90 m (core length) of pervasive multi-stage epidote skarn alteration cut by at least 4 overprinted sulphide mineralization stages. Individual sulphide stages show distinctive silver, lead, zinc, and copper grades indicative of repeated pulses of mineralizing fluids (Figure 2 and Table 1). **This combination of repeated sulphide mineralization overprinting pervasive high-temperature alteration (“skarn”) within a highly felsic intrusion strongly suggests that Hole GG21-28 lies close to the undiscovered source of the Santa Eulalia CRD system.**

**The entire 54.90 m skarn zone in GG21-28 is mineralized, but there are 4 principal sulphide-rich stages starting 1300 m downhole (Table 1).** The uppermost sulphide zone is silver-rich, averaging 184 g/t (5.9 oz/t) Silver over 2.3 m (core length), but this includes a 0.59 m interval of 523 g/t (16.8 oz/t) Silver. Beneath this is a higher Zinc (to 18.35% Zn) zone with distinctly lower Silver. Following a zone of weakly sulphidized skarn lies a narrow Copper-rich stage (to 1.58% Cu) with moderate Zinc. The lowest 15 m of

the mineralized skarn is the most pervasively mineralized and shows consistently high Zinc (to 15.2% Zn) with relatively low Lead except for a discrete galena-rich band grading 10.5% Lead and 99 g/t Silver.

Now that the general source area was located, a fully funded and permitted, two-pronged 8,000 m Phase 2 drilling program has begun working upwards and outwards from Hole GG21-28. One focus will be to trace the mineralization upwards into limestones, where silver-rich mineralization like that seen at the top of the GG21-28 intercept may be both larger and extend closer to the surface. The other focus will be to trace the sulphide mineralization and related skarn alteration sourceward where the volume of mineralization can be expected to expand.

**Table 1. Skarn Zone Drilling Highlights (See Table 4 below for detailed results).**

Hole ID	From (m)	To (m)	Width (m)*	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)	Zones
<b>GG-21-28</b>	1309.60	1364.50	54.90	23.22	0.67	1.86	-	<b>Entire skarned zone</b>
<i>Including</i>	1309.60	1348.70	39.10	8.16	0.06	0.24	-	Intermittent mineralized zone
<i>Including</i>	1348.70	1364.50	15.80	60.51	2.19	<b>5.85</b>	-	Coherent mineralization zone
<i>Including with</i>	1348.70	1351.00	2.30	<b>184.92</b>	4.32	2.89	-	Silver zone
			0.59	<b>523.00</b>	3.87	0.25		
<i>Including</i>	1353.10	1355.24	2.14	50.46	1.99	<b>11.30</b>	-	Zinc-Lead Zone
<i>Including</i>	1358.06	1358.55	0.49	-	-	-	<b>1.59</b>	Copper Zone
<i>Including</i>	1358.55	1364.50	5.95	51.00	2.93	<b>9.31</b>	-	Zinc Zone

\*True widths of the reported mineralized intervals have not been determined.

### Phase 1 Drilling Program

Phase 1 drilling consisted of 13 holes (12,848.60 m total) drilled in a 3 km x 5 km area within Reyna's 4,750 ha (47.5 km<sup>2</sup>) Guigui concession package (Figure 1). Targeting was informed by a district exploration model based on 300 years of historic underground mining, detailed surface mapping and geochemistry, airborne geophysics, and hyperspectral satellite imagery. Fifteen historic drillholes helped eliminate outlying areas from further consideration at this stage. Over 40 drill pads were permitted within the selected 1,500 ha area to seek a target expected to be approximately 1-1.5 km in diameter. Holes GG21-16 to GG21-28 comprise Phase 1 and were drilled successively counterclockwise from west to east (Figure 1). Results were modeled after each hole and targets modified based on the results.



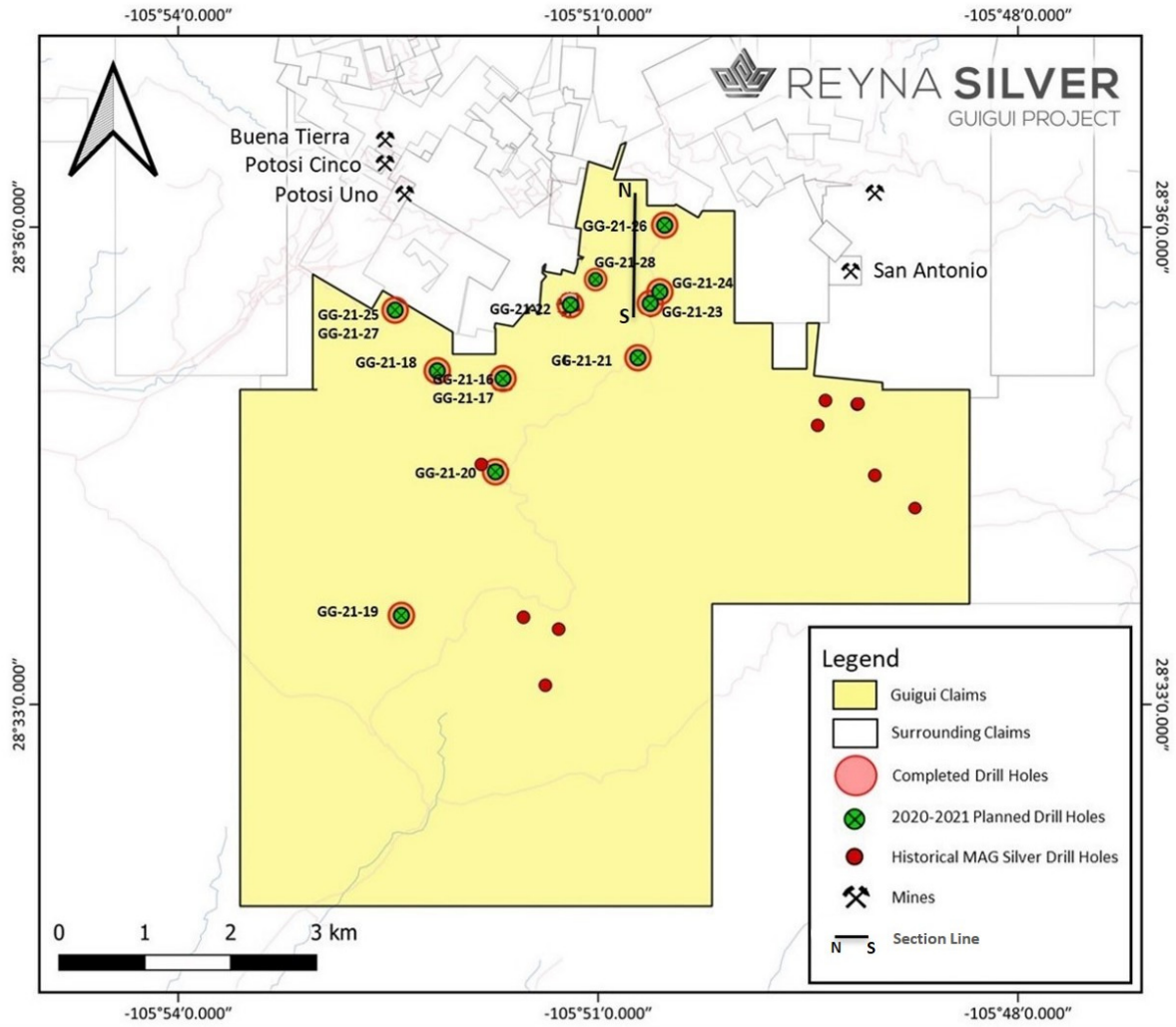


Figure 1. Map of the combined Guigui Property showing location south of the historic district mines and positions of drillholes described in this release.

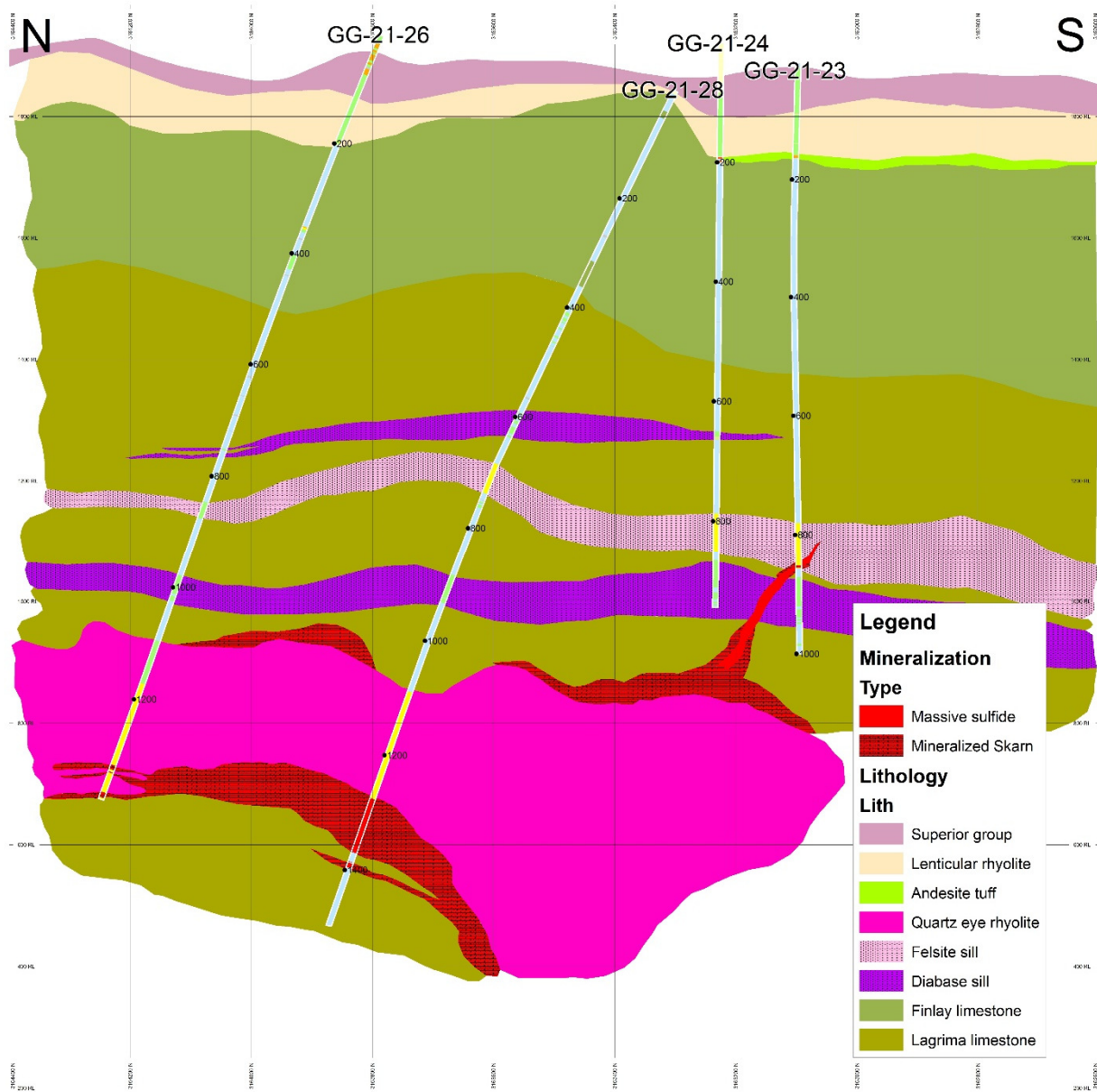


Figure 2. Geological Cross Section through the GG21-28 skarn zone showing thick mineralized skarn developed within the basal zone of the Quartz Eye Rhyolite

Phase 1 also included 5 holes looking for distal high-grade silver mineralization in the western portions of the concession package (Figure 1 and Table 2). This includes two holes drilled in the Chinche Concession (GG21-25 and 21-27), optioned from Union Mining (See Press Release of July 2, 2020), where Union Mining cut silver-rich mineralization in Hole LCH-03. Reyna relogged and resampled the hole and the resampling reported **509 g/t (16 oz/t) Silver** over 0.25 m and 278 g/t (8.9 oz/t) Silver over 0.6 m (Table 2). The best hole within the Chinche concession in Reyna's 2021 drilling was Hole GG21-25, which reported 117 g/t (3.76 oz/t) Silver over 0.8 m (Table 2). Additional holes to test continuations of these intercepts using a man-portable rig are planned for La Chinche in Phase 2.

**Table 2. La Chinche Drill Results**

La Chinche						
Hole ID	From (m)	To (m)	Width (m)*	Ag (g/t)	Pb (%)	Zn (%)
<b>GG-21-25</b>	119.95	120.75	0.80	<b>117.00</b>	0.41	0.14
<b>**LCH-03</b>	166.60	166.85	0.25	<b>509</b>	0.13	0.36
	175.85	176.45	0.60	<b>278</b>	0.33	0.82

\*True widths of the reported mineralized intervals have not been determined.

\*\*Hole LCH-03 was drilled by United Minerals in March 2020 and re-assayed by Reyna Silver.

### Phase 1 Detailed Results

Sulphide mineralized skarn was cut in three holes in the general GG21-28 area. Holes GG21-23 and GG21-26 contained the first such intercepts and progressive follow-up of those intercepts led to targeting of Hole GG21-28, the last hole in Phase 1 (Table 1 and Figure 2). The 3.87 m of mineralized skarn cut in GG21-23 (Table 3), affects a very fine-grained aphanitic rhyolite “felsite” dike that lies 300 m above the quartz-eye rhyolite porphyry intrusion that hosts the skarn cut in holes GG21-26 and GG21-28. The felsite dike is identical to the felsite dikes and sills closely associated in time and space with mineralization throughout the known parts of the district and in numerous holes in the Phase 1 program. The relationship between the felsite dikes and the quartz-eye rhyolite has not been established, but comparison with other large CRD systems, which are characterized by multiple, progressively differentiated intrusive stages, suggests they are both products of an evolved granitic magma system. The quartz-eye rhyolite has not been seen historically in the district, and is the thickest intrusion known to date anywhere in the district. The fact that the quartz eye rhyolite is highly evolved and strongly skarn altered and mineralized indicates it is probably an offshoot of an earlier, possibly pre-mineralization intrusive stage. Additionally, as it is primarily mineralized along its lower third, this suggests it may have acted as a barrier to mineralizing fluids rising along its base from a slightly younger mineralization-stage intrusive phase. Note that Holes GG21-23 and 21-24 were not drilled deep enough to reach the quartz eye rhyolite.

**Table 3. Phase 1 Drill Results for Holes GG21-23 and 21-26.**

Hole ID	From (m)	To (m)	Width (m)*	Ag (g/t)	Pb (%)	Zn (%)
<b>GG-21-23</b>	853.53	857.4	3.87	49.86	3.10	3.07
<b>GG-21-26</b>	1315.51	1316.57	1.06	17.55	1.10	2.40
	1327	1329.42	2.42	12.09	1.25	1.88
	1364.5	1367.95	3.45	14.55	1.78	2.96

\* True widths of the reported mineralized intervals have not been determined.

The epidote skarn itself shows several important features. Most notably it shows abundant textural evidence for multiple stages of formation and brecciation, indicating extended, multi-stage formation. Next, this skarn is compositionally very similar to the skarn that affects the felsite dikes that lie at the center of zoned skarn-sulfide replacement mineralization exploited in the San Antonio mine 2 km east of the Hole GG21-28 area (Figure 1). Epidote alteration of the San Antonio mine felsite dike is also multi-stage and shows a progressive increase towards complete alteration to skarn in the most proximal zones of the mine. A similar progression may be indicated by the detailed geochemistry from GG21-28 that shows the mineralization that cuts the skarn has elevated tin, tungsten and indium values, with punctual gold anomalies (to 0.44 g/t) (Table 1)— a very similar elemental assemblage to that seen in the most proximal parts of the San Antonio mine skarn zone. Finally, the sulfides cut the silicates but only partially replace them, which suggests a relatively distal position in the skarn zonation.



The successive sulphide stages cutting pervasive multi-stage skarn (Table 4) provide strong evidence for the passage of repeated pulses of mineralizing and altering fluids that emanated from a nearby, probably multiphase intrusive center. Additional highly felsic intrusion phases should be expected as components of that intrusive center.

### **Ongoing Phase 2 Exploration**

Hole GG21-28 was the last hole in Phase 1 and appears to lead towards near-source alteration and mineralization associated with a style of felsic intrusion predicted by the CRD exploration model that guides our exploration. Phase 2 began in late September 2021 and is focused on tracing the mineralization in the Hole GG21-28 area towards both its source and upwards, where the silver-rich mineralization stage found at the top of the GG21-28 intercept may be both larger and continue closer to the surface. Sourceward, it remains to find the more closely mineralization-related intrusive phases and the structural plumbing that the mineralizing fluids followed from the source to Hole GG21-28.

Existing airborne geophysics shows interesting features in the area that will become targets for Phase 2, but additional, more detailed ground-based geophysics may provide more precision on where to drill. What geophysical methods to employ are under consideration in light of certain features seen in the drill core.

Only 14 of the 42 permitted holes were drilled, leaving many drill pads available for the planned and fully funded 8,000 m Phase 2 program.

**Table 4. Detailed assay results for the 54.9 meters mineralized skarn intercept in Hole GG21-28**

From	To	Width- (m)*	Ag-(g/t)	Pb-%	Zn-%	Cu-%	From	To	Width- (m)*	Ag-(g/t)	Pb-%	Zn-%	Cu-%
1309.6	1309.86	0.26	140.00	0.20	0.03	0.06	1338.6	1339.38	0.78	63.70	0.18	0.42	0.28
1309.86	1310.3	0.44	21.40	0.11	0.17	0.00	1339.38	1340.21	0.83	0.96	0.00	0.04	0.00
1310.3	1310.79	0.49	2.06	0.05	0.44	0.00	1340.21	1341.2	0.99	13.25	0.06	0.92	0.03
1310.79	1311.41	0.62	2.29	0.08	0.54	0.00	1341.2	1341.86	0.66	1.78	0.02	0.04	0.00
1311.41	1312.35	0.94	1.54	0.06	0.21	0.00	1341.86	1342.15	0.29	1.53	0.01	0.10	0.01
1312.35	1313.55	1.2	0.71	0.02	0.30	0.00	1342.15	1342.47	0.32	1.48	0.01	0.18	0.00
1313.55	1314	0.45	11.50	0.30	0.52	0.00	1342.47	1342.82	0.35	4.32	0.01	0.01	0.00
1314	1314.8	0.8	10.40	0.08	0.12	0.00	1342.82	1343.32	0.5	8.43	0.19	0.06	0.01
1314.8	1315.75	0.95	7.34	0.02	0.04	0.00	1343.32	1343.83	0.51	10.90	0.69	0.13	0.01
1315.75	1316.45	0.7	1.00	0.01	0.02	0.01	1343.83	1344.91	1.08	4.59	0.06	0.07	0.02
1316.45	1316.72	0.27	4.05	0.01	0.03	0.01	1344.91	1345.6	0.69	53.20	0.56	0.25	0.59
1316.72	1317.4	0.68	12.90	0.01	0.02	0.00	1345.6	1346.75	1.15	44.20	0.09	0.32	0.14
1317.4	1317.7	0.3	9.11	0.01	0.01	0.00	1346.75	1348.7	1.95	0.19	0.00	0.00	0.00
1317.7	1318.16	0.46	0.10	0.00	0.00	0.00	1348.7	1349.29	0.59	523.00	3.87	0.25	0.15
1318.16	1318.96	0.8	0.05	0.00	0.00	0.00	1349.29	1350.56	1.27	65.90	5.18	3.54	0.52
1318.96	1320.24	1.28	0.03	0.00	0.00	0.00	1350.56	1351	0.44	75.10	7.64	4.54	0.29
1320.24	1321.58	1.34	0.01	0.00	0.00	0.00	1351	1352.1	1.1	19.20	0.75	3.28	0.50
1321.58	1322.8	1.22	0.03	0.00	0.00	0.00	1352.1	1352.6	0.5	32.80	3.16	0.28	0.00
1322.8	1324.17	1.37	0.09	0.00	0.00	0.00	1352.6	1353.1	0.5	2.86	0.18	0.65	0.03
1324.17	1325.15	0.98	0.04	0.00	0.00	0.00	1353.1	1353.77	0.67	34.70	3.09	5.03	0.03
1325.15	1326.3	1.15	0.02	0.00	0.00	0.00	1353.77	1354.05	0.28	27.90	1.87	2.08	0.01
1326.3	1327.6	1.3	0.45	0.00	0.00	0.00	1354.05	1354.66	0.61	67.90	0.65	15.70	0.47
1327.6	1328.4	0.8	0.22	0.00	0.00	0.00	1354.66	1355.24	0.58	61.20	2.19	18.35	0.13
1328.4	1329.24	0.84	3.47	0.00	0.02	0.00	1355.24	1356.17	0.93	4.93	0.14	0.50	0.01
1329.24	1330.1	0.86	14.00	0.06	0.27	0.02	1356.17	1357.55	1.38	16.40	0.14	0.30	0.06
1330.1	1330.58	0.48	0.10	0.00	0.00	0.00	1357.55	1358.06	0.51	3.36	0.06	0.39	0.01
1330.58	1330.75	0.17	44.80	0.09	8.75	0.50	1358.06	1358.55	0.49	105.00	0.17	2.30	1.59
1330.75	1331.9	1.15	0.08	0.00	0.01	0.00	1358.55	1358.98	0.43	162.00	1.68	4.84	0.03
1331.9	1332.93	1.03	0.03	0.00	0.00	0.00	1358.98	1359.7	0.72	39.60	2.00	10.50	0.02
1332.93	1333.9	0.97	0.04	0.00	0.00	0.00	1359.7	1360.05	0.35	10.40	1.65	3.43	0.00
1333.9	1335.15	1.25	0.90	0.00	0.01	0.00	1360.05	1360.37	0.32	48.70	4.99	13.30	0.01
1335.15	1335.75	0.6	15.10	0.05	0.13	0.01	1360.37	1360.66	0.29	17.95	2.21	7.27	0.00
1335.75	1336.48	0.73	1.53	0.00	0.01	0.00	1360.66	1360.95	0.29	28.00	3.34	7.79	0.00
1336.48	1337.17	0.69	1.29	0.03	0.03	0.00	1360.95	1361.45	0.5	99.50	10.75	14.65	0.00
1337.17	1337.37	0.2	0.20	0.00	0.00	0.00	1361.45	1362.37	0.92	29.10	3.23	8.90	0.00
1337.37	1337.7	0.33	2.10	0.00	2.49	0.04	1362.37	1362.93	0.56	19.75	1.32	3.15	0.00
1337.7	1338	0.3	0.11	0.00	0.01	0.00	1362.93	1364.02	1.09	37.40	1.42	10.40	0.00
1338	1338.6	0.6	46.50	0.72	5.06	0.55	1364.02	1364.5	0.48	92.40	1.73	15.20	0.05

\*True widths of the reported mineralized intervals have not been determined.

On April 7, 2022, the Company reported results from its 8,000 m Phase 2 drilling program on the Guigui Project.

Phase 2 follow-up drilling was designed with two goals. The first was to take aggressive step-outs from GG21-28 to determine the extent and zoning of that mineralized skarn. Four of the five Phase 2 holes cut intrusive-hosted mineralized skarn very similar to that in GG21-28 (Table 1), significantly increasing confidence in the expanded mineralization footprint, which now covers an area of at least 0.5 km<sup>2</sup>. The second important focus was to look within the overlying 1,200m thick historically productive limestone sequence for mineralization potentially sourced from the mineralized skarn. Silver-bearing sulphide veins ranging from a few centimetres to 4.5 metres wide (core length) cutting massive limestone were identified

in 4 of 5 holes between about 340 and 720m above the mineralized skarn zone (Table 2). These are all high-angle structures that closely resemble “feeder” or “bleeder” structures that extend to and from major replacement bodies in the historic mines and may provide important mineralization vectors moving forward. Phase 3 will focus on seeking massive sulphide replacement mineralization related to these upper-level structures while continuing to zero in on the source of the district.

Highlights from the Phase 2 Drilling Program:

- Holes drilled 650, 770, and 1089 metres from discovery Hole GG21-28 (as well as from the same pad) all **intersected varying thickness and grades of intrusive-hosted mineralized skarn. The mineralized skarn footprint now exceeds 0.5 km<sup>2</sup>** (Fig.3)
- Hole GG21-31, 650m north of Hole 28, intersected 34.5m of mineralized skarn including 2.62m of 130 g/t Ag with 0.7m of 338 g/t Ag (Table 5).
- Four holes intersected high-angle silver-bearing sulphide veins 342 to 719m above the mineralized skarn, including Hole GG21-30 which reported 2.11m of 233 g/t Ag (Table 6).

**Table 5. Mineralized Skarn Highlights in Hole GG21-31.**

Hole ID#	From (m)	To (m)	Width (m)	Ag (g/t)	Pb (%)	Zn (%)	Zone
GG21-31							
	1,304.73	1,307.35	2.62	130	0.17	0.17	Silver Zone
<i>including</i>	1,305.75	1,306.45	0.70	<b>338</b>	0.44	0.42	
<i>with</i>	1,305.75	1,305.93	0.18	<b>1,040</b>	1.47	0.45	
	1,337.65	1,340.80	3.15	54	2.17	<b>9.94</b>	Zinc-Lead Zone
<i>including</i>	1,337.65	1,339.50	1.85	<b>128</b>	3.69	<b>16.00</b>	

**Table 6. Silver-bearing Sulphide Veins in upper-level, limestone-hosted structures.**

Hole ID#	From (m)	To (m)	Width (m)	Ag (g/t)	Pb (%)	Zn (%)
GG21-30						
	643.80	645.80	2.00	106	0.12	0.24
	887.69	889.80	<b>2.11</b>	<b>233</b>	0.02	0.02
GG21-31						
	547.58	548.78	1.20	105	4.88	0.62
GG21-33						
	648.03	652.54	<b>4.51</b>	106	0.88	0.11

## Phase 2 Drilling

Phase 2 was an aggressive follow-up of Hole GG21-28, which intersected multi-stage Silver-Copper-Zinc-Lead sulphide-mineralized skarn (high-temperature alteration) overprinted on a previously unknown highly-felsic intrusive. Phase 2 consisted of 5 holes, GG21-29 to GG21-33, totaling 8,562m drilled in a 50 ha (0.5km<sup>2</sup>) area within Reyna's 4,750 ha (47.5 km<sup>2</sup>) Guigui concession package (Figure 1). Working outwards from Hole 21-28, targets were designed to determine the extent and zoning of that mineralized skarn by integrating the results of Phase 1 with detailed surface mapping and geochemistry, airborne geophysics, and hyperspectral satellite imagery all plugged into our district exploration model based on 300 years of historic underground mining. After the completion of each hole, results were remodeled, and targets were modified accordingly. **Relative to Hole GG21-28: Hole GG21-30 was 777m east, Hole GG21-31 was 615m north, Hole GG21-32 was 1089m east, and Hole GG21-33 was drilled from the same pad (Figure 1).** Notable results from Holes GG21-30 to GG21-33 are presented in Table 3

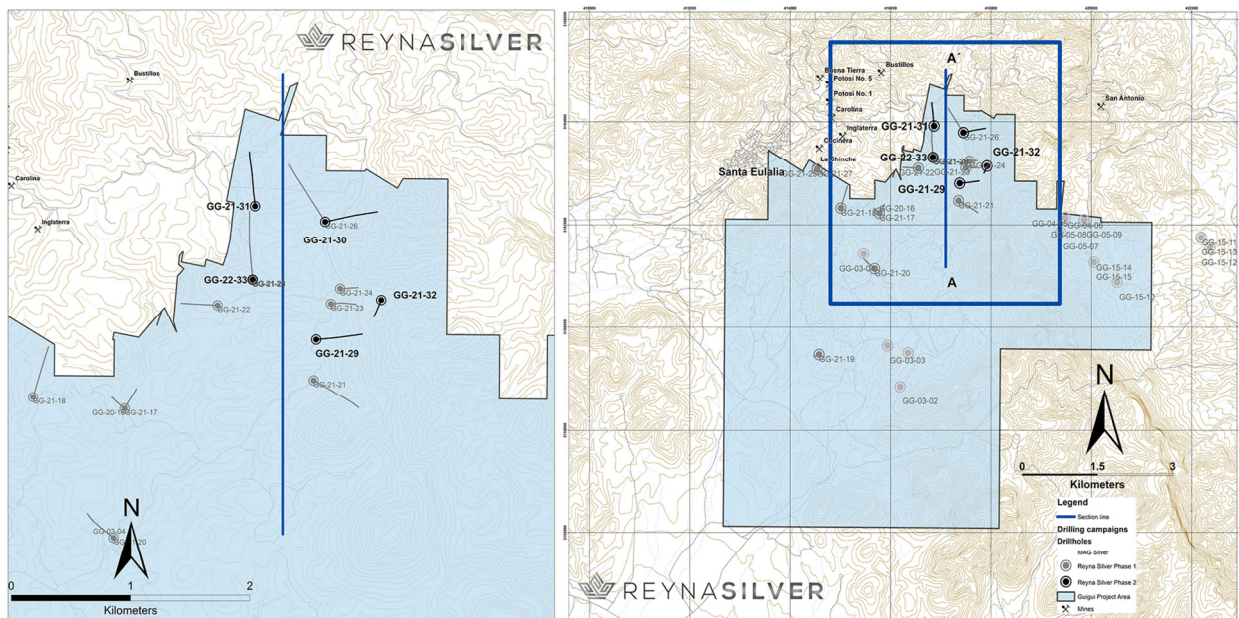


Figure 3. Map of the combined Guigui Property showing its location south of the historic district mines and locations of drill holes described in the release. The most recent Reyna Silver drill holes are black, prior Reyna Silver drill holes are in grey, and the MAG Silver drill holes are in pale grey.

Four of the five Phase 2 holes succeeded in intersecting intrusive-hosted mineralized skarn (Table 5). The best hole was GG21-31, which cut 35.5m reporting 2.35% Zinc, 40 g/t Silver, and 0.44% Lead; including 3.15m assaying 9.9% Zinc, 54 g/t Silver, and 2.1% Lead and a separate 0.7m grading 338 g/T Silver, 0.42% Zn and 0.44% Lead. These individual high-grade zones are very similar to those of GG21-28, which significantly increases confidence in the expanded mineralization footprint, which now covers an area of at least 0.5 km<sup>2</sup>.

The second important focus of Phase 2 drilling was to look above the mineralized skarn zone within the overlying 1,200m thick historically productive limestone for mineralized structures potentially sourced from the mineralized skarn. Silver-bearing sulfide veins ranging from a few centimetres to 4.5 metres wide (core length) cutting massive limestone were identified in 4 of 5 holes between about 340m and 720m above the mineralized skarn zone. Hole 30 cut two such structures the better of which cut 233 g/t silver over 2.1m (Table 6). These are all high-angle structures that closely resemble “feeder” or “bleeder” structures that extend to and from major replacement bodies in the historic mines and may provide important mineralization vectors moving forward.

The two near end-members of the CRD spectrum emerging from Phases 1 and 2 provide critical tools for focusing ongoing exploration (See Figure 3 for a simplified CRD model). Phase 3 will focus on the upper-level structures potentially indicative of massive replacement mineralization while continuing to hunt for the source of the district.

### **Intrusive-Hosted Mineralized Skarn**

Compositionally, texturally, and geologically the intrusive-hosted mineralized skarn found in Phase 2 drilling appears to be an extension of the mineralization discovered in Hole GG21-28- expanding the known footprint of mineralized skarn to at least 0.5 km<sup>2</sup>. A key characteristic of large CRD systems is the presence of multiple, progressively differentiated intrusive stages fed from a source intrusion. Discovery hole GG21-28, plus four of the Phase 2 holes, cut a previously unknown quartz-eye rhyolite, a highly evolved style of intrusive, probably closely linked to the source intrusion and affected by strong, multi-stage mineralization and skarn alteration caused by hydrothermal fluids emanating from it. Compositionally, the mineralized skarn continues to look very similar to the mineralized skarn and sulfide replacement mineralization exploited in the San Antonio mine 2 km east of the Hole GG21-28 area. These similarities include multi-stage epidote-dominated skarn alteration and elevated tungsten and indium values (Hole GG21-31 anomalies: Tungsten 330-550 ppm; Indium 17-68 ppm). Features like these seen in the expanded mineralized skarn footprint should help in vectoring to the source, where mineralization is expected to be larger scale and more pervasive.

### **Limestone-Hosted, Silver-Rich Sulphide Veins**

Importantly, silver-rich distal-style sulphide veins, ranging in width from 1 cm to over 4.5 metres were discovered well above the mineralized skarn in four of the holes drilled in Phase 2. The largest of these silver-bearing sulphide veins were cut in Holes GG21-30, GG21-31, GG21-32, and GG21-33 and lie 342m, 478m, 719m, and 435m respectively above the intrusive skarn (Table2). Numerous narrower examples were also found in these holes and Hole GG21-29. These high-angle veins show multiple stages of manganoan “fugitive calcite” veining bracketing silver-bearing sulphide mineralization stages. The silver values and trace metal geochemistry indicate that they are similar to the “fluid escape structures” typically found distal to massive sulphide CRD mineralization. These types of structures are classified as “feeder” or “bleeder” structures, depending on whether they “fed” massive sulphide mineralization or “bled” mineralizing fluids outwards from them. Similar structures were historically used by the district’s miners to lead to the chimney-manto mineralization exploited in the district’s mines.



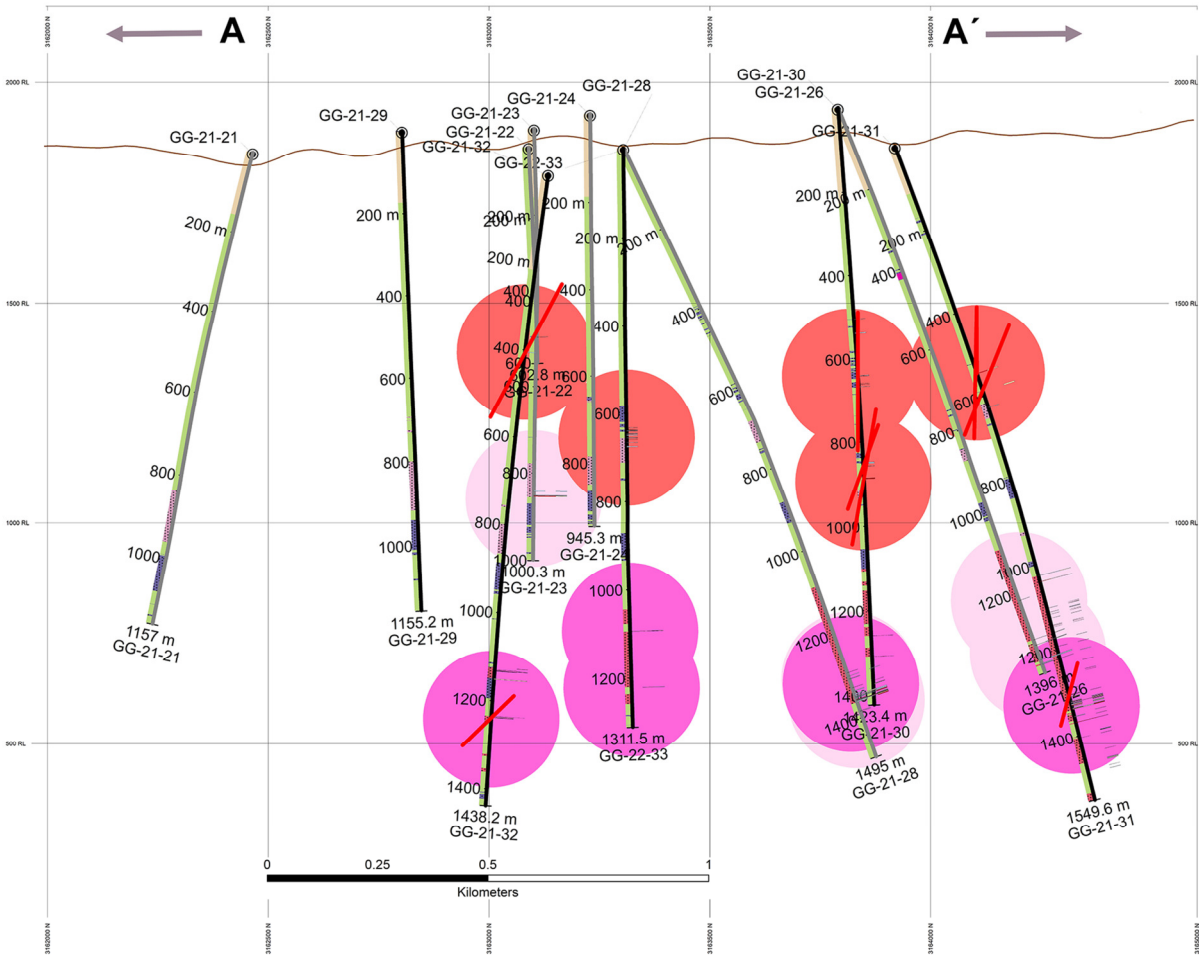


Figure 4. Cross-section showing Phase 1 and 2 drill results. The red colour represents the higher-level silver-bearing sulphide veins found in Phase 2. Intrusive-hosted mineralized skarn is shown in hot pink for Phase 2 and pale pink for Phase 1.

**Table 7. Notable Mineralized Skarn results from Holes GG21-30 to GG21-33.**

Hole ID#	From (m)	To (m)	Width (m)	Ag (g/t)	Pb (%)	Zn (%)
GG21-30						
	1,260.25	1,260.55	0.30	22	2.88	1.67
GG21-31						
	1,304.73	1,307.35	2.62	130	0.17	0.17
<i>including</i>	1,305.75	1,306.45	0.70	338	0.44	0.42
<i>including</i>	1,305.75	1,305.93	0.18	1,040	1.47	0.45
	1,337.65	1,340.80	3.15	54	2.17	9.94
<i>including</i>	1,337.65	1,339.50	1.85	128	3.69	16.00
GG21-32						
	1,133.07	1,134.43	1.36	22	1.80	1.17
	1,238.95	1,239.57	0.62	142	10.39	1.06
GG21-33						
	1,094.54	1,095.30	0.76	18	2.68	4.87

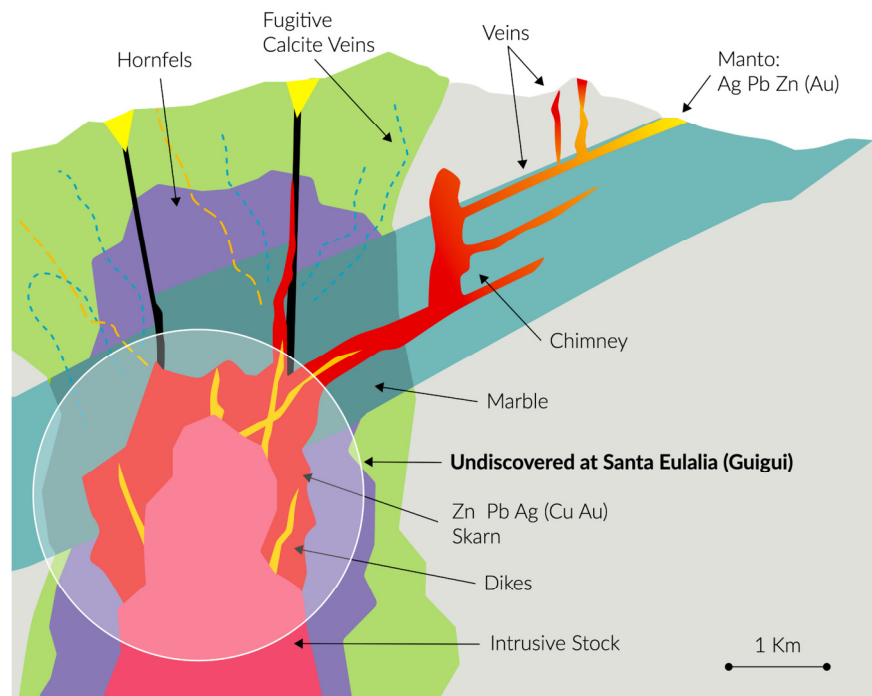


Figure 5. Simplified CRD system model. The source intrusion and related proximal mineralization shown within the highlighted area have yet to be found in the Santa Eulalia District and are the principal focus of Reyna Silver’s exploration program. However, the potential for additional manto and chimney-style massive sulphide mineralization in the limestone outboard of the source zone remains high and is an equally important exploration focus.

ii. 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.

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.

The Batopilas property is subject to a 4.5% NSR payable to the underlying owner with a right of first refusal.

On February 4, 2021, the Company announced high-grade silver and gold results from its late 2020 surface and trench sampling program, focused on the projection of the Pastrana-Roncesvalles-Cobrizo vein zone into the northern and northeastern part of the Batopilas Project.

Highlights

- 258 trench, rock chip and soil samples were collected between October and December 2020 based on ASTER satellite image analysis and structural mapping in the previously underexplored north and northeastern parts of the district.
- Two new veins were found: One is a typical Batopilas-style native silver vein, the other is the first significant gold-rich vein encountered on the project to date.
- Notable high grade samples ranged from 305 to 42,302 g/t silver and 1.03 to 21.4 g/t gold.
- District-scale high-resolution Worldview III satellite hyperspectral imagery received subsequent to the sampling program shows distinctive alteration mineralogy coincides with the new and long-known structures with additional anomalies currently undergoing review and sampling.
- These results have been combined with historic data to define targets for drilling later in the year. Permits for this program are in progress.

Table 8. Silver and Gold Highlights from Q4, 2020 Batopilas Sampling Program

The full list of assays with location maps, detailed assays, and field photographs may be found on the website [www.reynasilver.com](http://www.reynasilver.com).

<u>Sample Number</u>	<u>Sample Type</u>	Ag (gpt)
133164	Channel	42,306.00
133119	Channel	18,078.00
133172	Channel	6,320.00
133120	Channel	2,880.00
133117	Channel	2,060.00
133173	Channel	2,060.00
133178	Channel	1,510.00
133112	Channel	989.00
133113	Channel	841.00
133073	Channel	671.00
133108	Soil	662.00
133137	Petro	414.00
133169	Channel	405.00
133072	Channel	400.00
133071	Channel	310.00
133107	Soil	305.00

<u>Sample Number</u>	<u>Sample Type</u>	Au (gpt)
133090	Channel	21.40
133093	Channel	18.35
133248	Channel	18.30
109247	Channel	16.90
133095	Petro	16.40
133088	Dump	15.40
133091	Channel	15.20
133232	Channel	12.90
133250	Channel	12.40
109249	Channel	7.82
109251	Petro	5.71
109250	Petro	5.44
133094	Channel	3.77
133087	Dump	3.34
133249	Channel	3.24
109254	Petro	2.98
133247	Channel	2.03
109257	Petro	1.18
133080	Petro	1.13
133239	Channel	1.03
133243	Channel	1.02

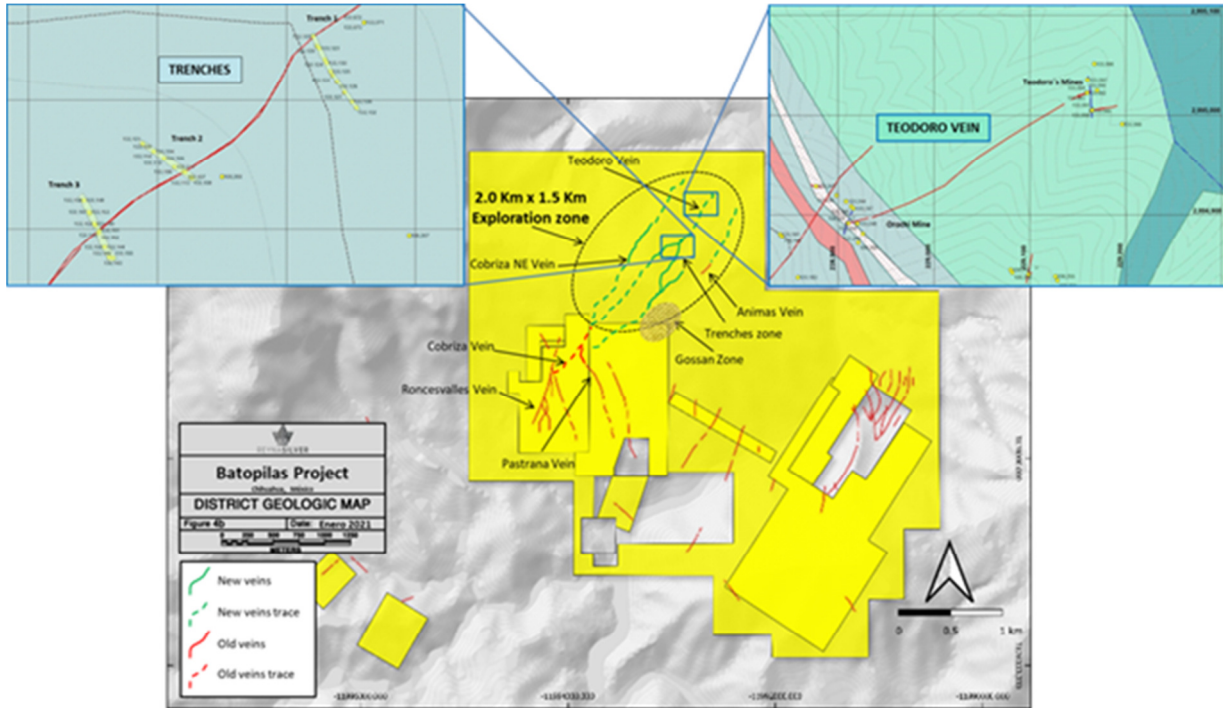


Figure 6. Map of the Batopilas Property with the identified vein traces; Circled area represents the zone of the 2020 Exploration program at the project.

### On-going work

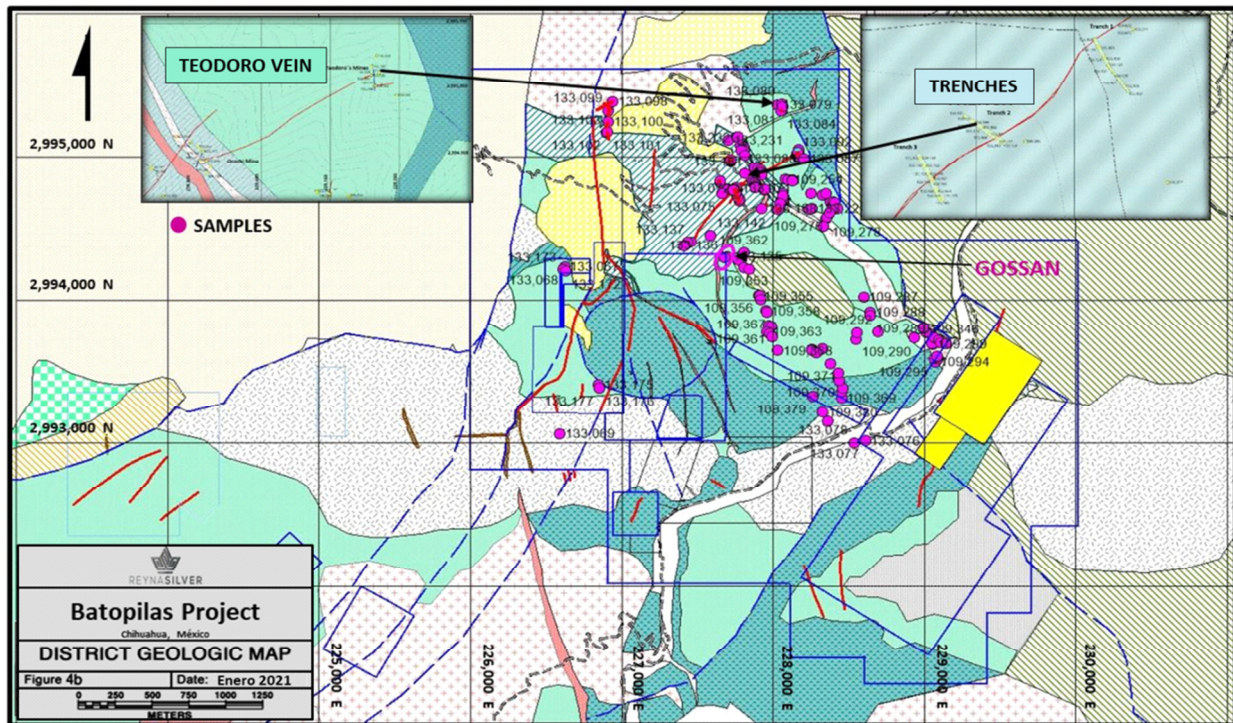
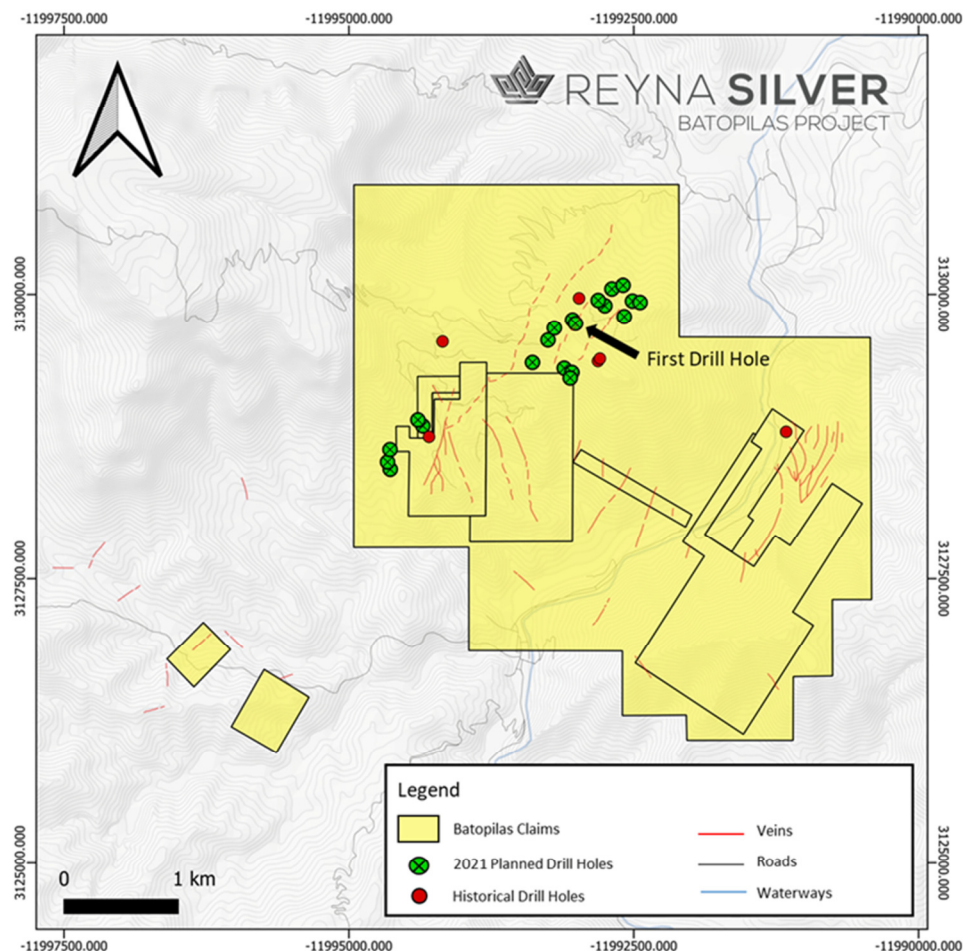


Figure 7. Geological Map of the Batopilas Project area and the sampling locations of the 2020 Exploration Program at Batopilas.

On May 26, 2021, the Company announced that permits had been received and that drilling at Batopilas was set to begin the second week of June. The drill program follows the targets established by Reyna's technical team in the spring exploration campaign which discovered multiple extensions to the 30 known veins in the district, as well as two new veins with multiple high-grade silver and gold sample results of up to 43,306 g/t Ag and 21.4 g/t Au.

On June 30, 2021, the Company announced that it started a 10,000-meter drill campaign at Batopilas.

The attached map includes the location of the planned drill holes.



On September 7, 2021, the Company announced that approximately 2,500 meters of drilling had been completed out of the planned 10,000 meters for stage 1.

On September 8, 2021, the Company reported results from the first seven holds totaling 1,095 meters of its 10,000-meter stage 1 drilling program at Batopilas. The first five holes (BA21-29 to BA21-33) were targeted beneath exploration trenches cut in 2020 that revealed vein structures carrying coarse native silver typical of the Batopilas district (see Figure 4 below). Holes BA21-34 and 35 were drilled along the Teodoro Vein where 2020 trench sampling found high-grade gold values not previously encountered in the district (See press release of February 4, 2021).

Highlights

- **Hole BA21-30**, the second hole drilled, successfully cut a native silver bearing vein (see Figure 5) approximately 35 meters beneath the best of the 2020 trenches. BA21-30 reported **3.2 m (core length) grading 3.03 g/t gold and 703 g/t silver, including 0.20 m (core length) of native silver grading 10,565 g/t silver and 0.85 m (core length) grading 8.74 g/t gold**. This result is significant as it is a newly discovered native silver vein 2 km NE of the Cobriza vein, a historically mined native silver vein with similar orientation and alignment (see Figure 5). This vein extension was discovered through our trenching program in late 2020 and this is the first time the area has been drilled.
- **Hole BA21-34**, the sixth hole drilled in the campaign, and the first hole ever drilled in the Teodoro Vein Gold Zone, was targeted 25 m beneath the surface expression of a gold-bearing vein found in our late 2020 trenching program. The intercept from 45.7 to 45.95 meters (**1.50 m core length**) reported **4.88 g/t gold and 10.67 g/t silver, including an internal interval of 0.25 m (core length) grading 28.7 g/t gold and 59 g/t silver**.

Highlights of the assay results of the program to date are presented below in Table 6. A full list of assays with location maps and field photographs may be found on Reyna's website [www.reynasilver.com](http://www.reynasilver.com).

**Table 9. Highlights of Initial Stage 1 Batopilas Drilling**

Hole #	From m	To m	Core Width* m	Au g/t	Ag g/t
BA21-29	NSV**				
BA21-30	36.35	39.55	3.20	<b>3.03</b>	<b>703.00</b>
including	36.35	37.20	0.85	<b>8.74</b>	8.40
including	38.80	39.00	0.20	0.31	<b>10,565.50</b>
BA21-31	112.25	114.85	2.60	1.53	0.34
BA21-32	64.60	66.80	2.20	2.33	4.55
including	65.35	66.00	0.65	5.15	2.30
BA21-33	175.10	176.00	0.90	0.33	1.60
BA21-34	45.00	46.50	1.50	<b>4.88</b>	10.67
including	45.70	45.95	0.25	<b>28.70</b>	59.00
BA21-35	66.20	67.20	1.00	0.25	2.40

\*Core length in hole, True Thickness indeterminate

\*\* NSV = No Significant Values

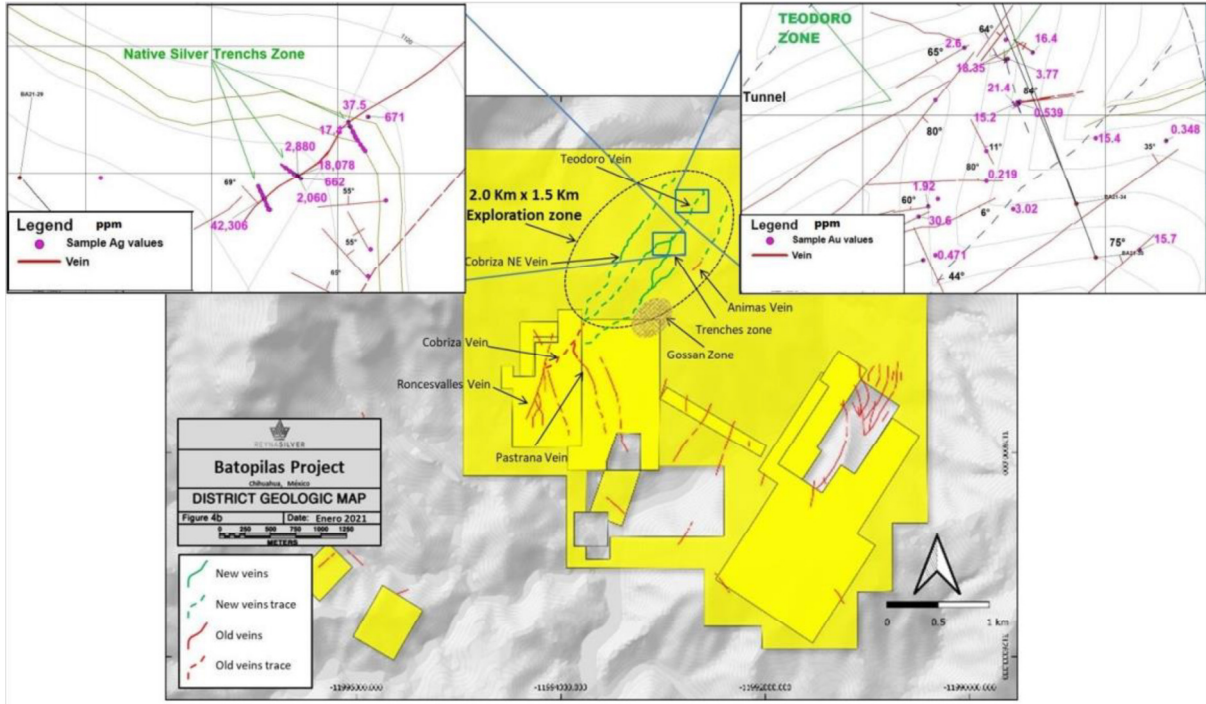


Figure 8. Map of the Batopilas Property with the identified vein traces; Circled area represents the area of the current focus of the exploration program.

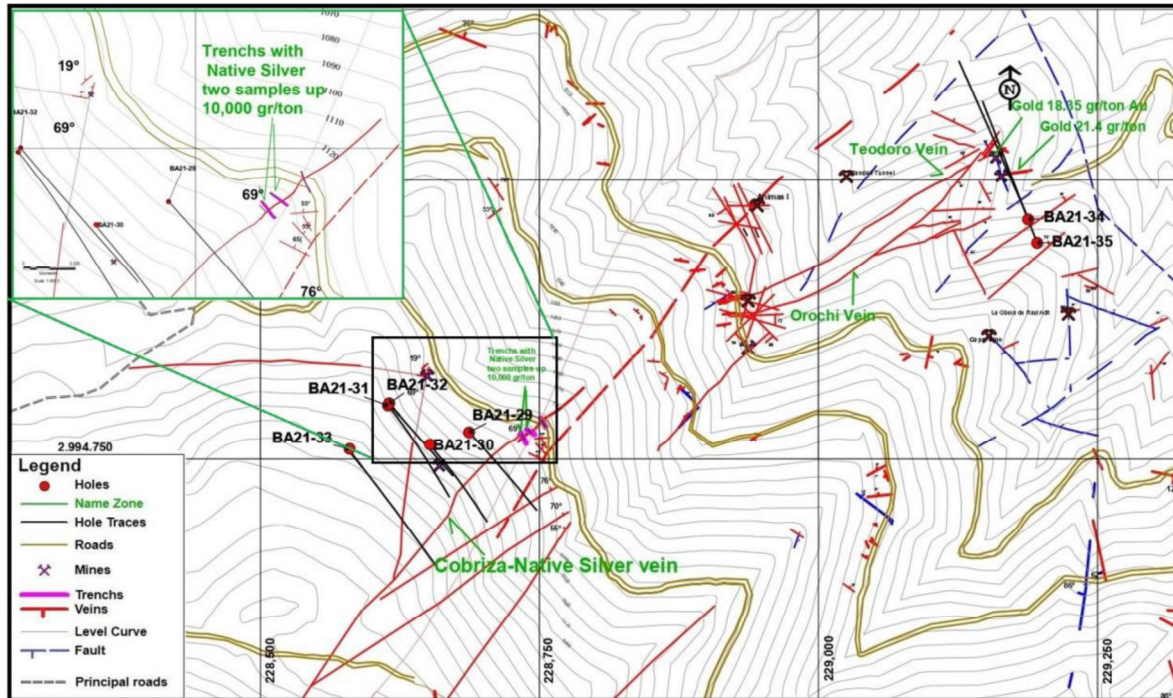


Figure 9. Map of the first seven drill holes of the Stage 1 drilling program at Batopilas. Five holes (BA21-29 to BA21-33) were targeted beneath exploration holes trenches with native silver samples (lower left portion of the map). Two holes (BA21-34 and 35) were drilled along the Teodoro Vein where trench sampling found high gold values (upper right portion of the map).

On April 12, 2022, the Company reported results from 19 holes totaling 7964 meters (m) of the 10,000-meter Stage 1 drilling program on the Batopilas Project



## Highlights

- A high-grade gold zone is emerging in the northeastern (NE) portion of the claim package showcased by Hole BA21-42A (See Table 1).
- The NE gold zone overlaps the southwestern (SW) native silver zone, indicating two overlapping mineralization sources (Figure 10).
- Building on the new exploration potential presented by these recent discoveries, the company immediately initiated a selective sampling survey to be followed by a detailed structural study and additional geophysics to refine drill targeting.

**Table 10. Highlights from Hole BA21-42A**

Hole ID#	to	from	width (m)	Au (g/t)
BA21-42A	179.85	189.20	<b>9.35</b>	3.38
including	180.20	183.85	<b>3.65</b>	<b>8.18</b>
including	182.20	183.85	1.65	<b>12.75</b>

Building on the high-grade gold intercept found in BA21-34 in the Teodoro and Orochi vein area, additional drilling in the area focused on identifying the characteristics of the gold mineralization. Holes BA21-40 to BA21-42A intersected zones carrying visible gold surrounded by more dispersed gold mineralization associated with pyrite and amphiboles (Table 11). This is a marked divergence from the calcite-dominant veins which contained the district's historic native silver ore.

**Table 11. Drill results from the NE gold zone.**

Hole ID#	from (m)	to (m)	width (m)	Au (g/t)
BA21-40	55.15	56.60	1.45	6.87
including	55.15	55.50	0.35	<b>11.55</b>
and	56.30	56.60	0.30	<b>18.95</b>
BA21-42A	179.85	185.25	5.40	5.68
including	180.20	185.25	5.05	6.05
including	180.20	183.85	<b>3.65</b>	<b>8.18</b>
including	182.20	183.85	1.65	<b>12.75</b>
and	180.20	180.95	0.75	9.55

Based on the high-grade gold and silver mineralization cut by Hole BA21-30, the program then moved south to the Cobriza area to drill six holes (BA21-43 to BA21-49). While gold grades decreased relative to the NE zone, this area contained discrete styles of both silver and gold mineralization in proximity to one another. This leads us to believe that there are probably two mineralization centers generating different styles of mineralization.

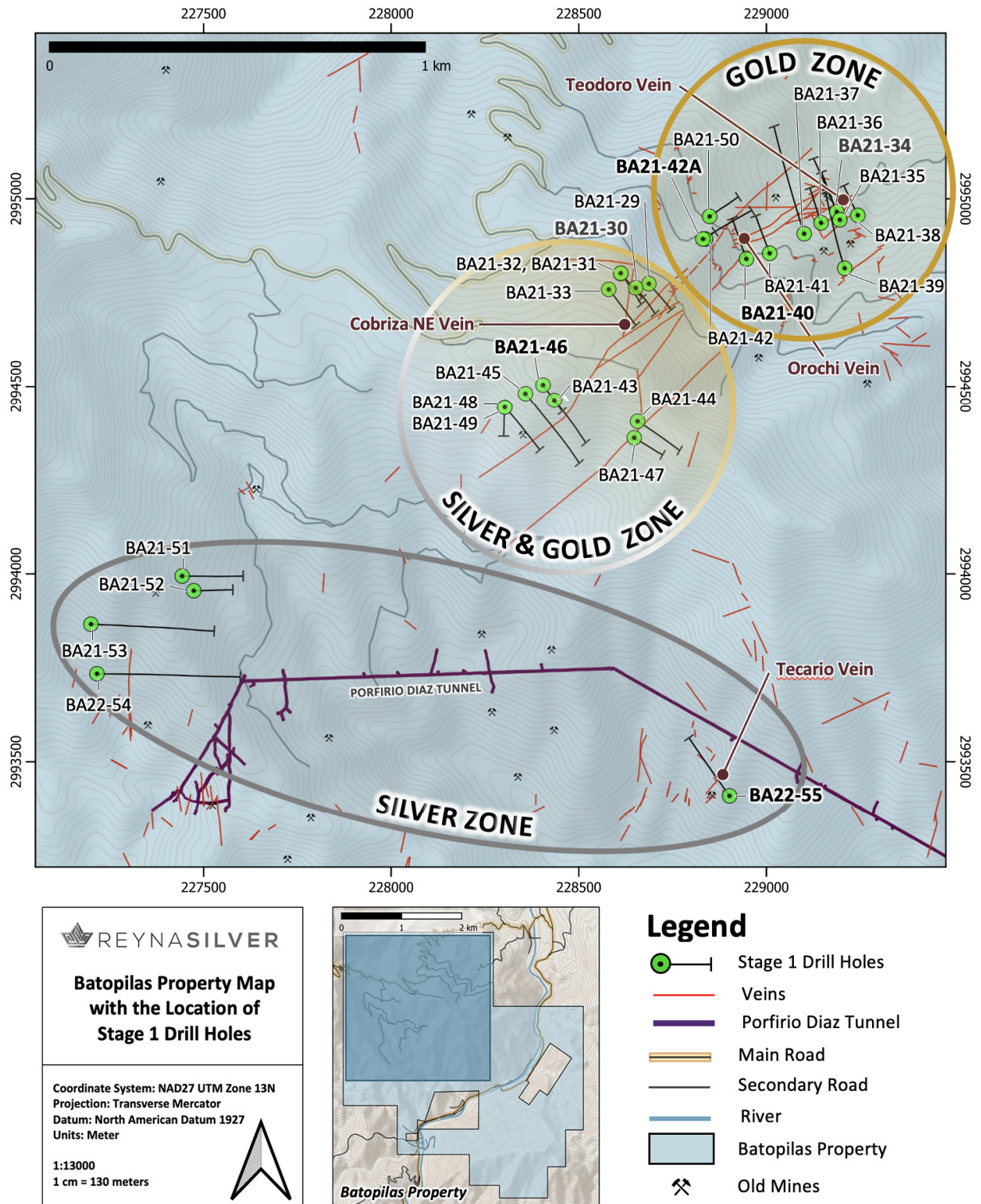


Figure 10. Map of gold and silver zones identified during Stage 1 drilling at Batopilas. Nine holes, BA21-35 to BA21-42A and BA21-50, focused on the Teodoro and Orochi area revealed the NE Gold zone (upper right portion of the map). Six holes, BA21-43 to BA21-49, were drilled proximal to the Cobriza Native-silver vein extension (middle of the map). Four holes, BA21-51 to BA22-54, focused on the SW (bottom left of the map). BA21-55 was in the Tecario vein area (near the Porfirio Diaz Tunnel, bottom right of the map).

These newly revealed features necessitate re-evaluating existing data as well as additional ground, structural and geophysical surveys. Understanding the relationship between the two styles of mineralization could be a critical tool for ongoing exploration.

The next focus of the district-scale exploration program during Stage 1 drilling was four holes (BA21-51 to BA21-54) focused on the Zone del Cinco and Los Santos silver areas as part of the district-scale exploration plan designed to better define and understand the controls on the native silver mineralization. The last of these holes (BA22-55) was over 1 kilometer south of the Cobriza zone in the Tecario area near the historic portion of the district, and cut through a 1.8m zone of unexpectedly strong gold mineralization (Table 12). This is the most recent drill result in hand and will be part of the study to understand the relationship between the gold and silver mineralization in the district.

**Table 12. Hole BA22-55 in the Tecario area**

Hole ID#	to	from	width (m)	Au (g/t)*	Ag (g/t)
BA22-55	274.5	276.3	1.8	4.06	7.9

\*Please note this interval has not undergone Metallic Screen Assay yet.

#### Metallic Screen Assay Testing

To verify the high-grade visible native gold encountered in Hole BA21-34 and in subsequent Gold Zone holes, the technical team decided to send the samples with higher gold results for repeat analysis by Metallic Screen Assaying. On average, intervals containing significant visible gold mineralization came back higher; in contrast, some of the lower grade gold intervals from the prior survey that lacked visible gold decreased. Overall it appears that the additional testing confirms the high values and increases our confidence in the gold values.

**Table 13. Highlights of changes in grades post metallic screen assay**

Hole ID#	to	from	width	g/t metallic screen assay	Au g/t standard fire assay	Au % change
BA21-34	65.35	66.00	0.65	<b>6.91</b>	5.15	<b>34.17%</b>
BA21-34	45.70	45.95	0.25	<b>36.10</b>	28.70	<b>25.78%</b>
BA21-37	37.90	38.20	0.30	0.46	1.78	-74.08%
BA21-42	56.30	56.60	0.30	<b>18.95</b>	15.45	<b>22.65%</b>
BA21-41	38.15	38.35	0.20	1.39	1.19	<b>17.30%</b>
BA21-42A	179.85	189.20	9.35	3.38	2.88	<b>17.14%</b>
BA21-42A	179.85	185.25	5.40	<b>5.68</b>	4.82	<b>17.69%</b>
BA21-42A	180.20	185.25	5.05	<b>6.05</b>	5.14	<b>17.71%</b>
BA21-42A	180.20	183.85	3.65	<b>8.18</b>	6.99	<b>17.12%</b>
BA21-42A	180.20	180.95	0.75	<b>9.55</b>	6.54	<b>46.02%</b>
BA21-43	19.50	20.85	1.35	0.31	0.51	-39.22%
BA21-43	20.85	21.95	1.10	0.89	1.21	-26.45%
BA21-43	19.50	21.95	2.45	0.57	0.82	-30.80%
BA21-44	100.50	101.00	0.50	0.82	1.58	-47.94%
BA21-46	44.10	45.35	1.25	<b>5.61</b>	3.51	<b>59.83%</b>

iii. 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 (issued subsequent to December 31, 2021)
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.

iv. 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 (paid subsequent to December 31, 2021);
- (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%.

v. Matilde Property

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

vi. El Durazno Property

The Company acquired the El Durazno property for \$9,601 by staking in 2019. 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 to 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.

**3(b) USA**

i. 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. (provided that all cash payments and Expenditures required to be paid or undertaken in phases 1, 2 and 3 under the underlying option agreement are to so paid or undertaken by December 31, 2021). (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 announced that 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% is payable to the underlying owners of certain claims.

On June 9, 2021, the Company announced that it added 450 unpatented Federal mineral claims covering 3,642 hectares to its Medicine Springs Property. Medicine Springs shows many of the earmarks of a significant Carbonate Replacement Deposit (CRD) similar to the Santa Eulalia District in Chihuahua Mexico which hosts Reyna’s Guigui Project. Combined with the original 149 claims (1,189 ha) optioned in 2020 from Northern Lights Resources Corp. (CSE: NLR) (see press release of October 5, 2020) the property now consists of 599 contiguous claims covering 4,831 hectares, which covers the expanded limits of recognized mineralization and alteration, making it a complete district scale project in a prime mining region.

The property expansion stems from Reyna’s early recognition that structurally-controlled, multistage CRD-style mineralized jasperoids extend well beyond the original claim block optioned from Northern

Lights. With the new claims, Reyna believes the entire system is covered by shallow alluvium. A systematic property-wide mapping and selective jasperoid sampling program was undertaken to determine the limits of the system and where its center (or centers) lie. This orientation sampling phase is complete (assays pending) and a Lidar-like survey to facilitate mapping is being contracted. The results will be combined into Reyna’s recently compiled GIS model with existing (and possibly additional) Magnetic and NSAMT geophysics for drill targeting.

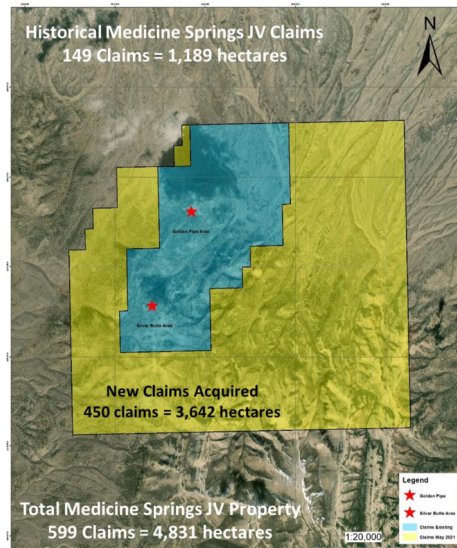


Figure 7. Medicine Springs Joint Venture Mineral Claims

On January 10, 2022, the Company reported results from its district-wide selective jasperoid-based sampling program at Medicine Springs Property. The program aimed to determine if the jasperoids signaled a distal expression of a deeper mineralizing system. The results revealed a classic CRD Silver-Lead-Zinc-Copper zonation and outline the NE-SW trending structures that channeled mineralizing fluids. Combining these results with the lidar-like survey highlights an 800-hectare area where targets are being developed for the upcoming drilling season.

Medicine Springs hosts Carbonate Replacement Deposit (CRD) mineralization exposed at a very high level marked by well-developed multi-stage NE-SW trending jasperoid-barite veins. Systematic sampling (657 samples) of these veins throughout a 6 by 6 km area returned **very strong results for Silver (37 samples returned over 66 g/t), Lead and Zinc, with modest Copper along a prominent NE-SW-trending structural network** (See Table 8 and Figure 7). The best results were concentrated in an area about 3 x 4 km, which extends over 2 km to the east and south of the area of historic prospecting and exploration drilling. The results appeared to reflect a classic Copper-Zinc-Lead-Silver zoning pattern potentially related to the system's intrusive source. Definition of targets to permit for drilling in 2022 will be based on these results combined with a reinterpretation of existing geological and geophysical data, a Lidar-like survey, and additional detailed mapping and sampling.

Element	Range	Area (km)
Ag	37>66 (2 oz) high of 1200	2 x 4
Pb	51> 1% Pb, to 20% 18 > 4%	3 x 5
Zn	148 > 500 ppm, 24> 1%, 2>10%	2 x 2.5
Cu	20>100 ppm, 10> 200 Max 845	2 x 2.5 NE
Mn	202 > 500 ppm	ubiquitous

Table 8: Geochemical anges from Jasperoids within the overall Medicine Springs Project area.

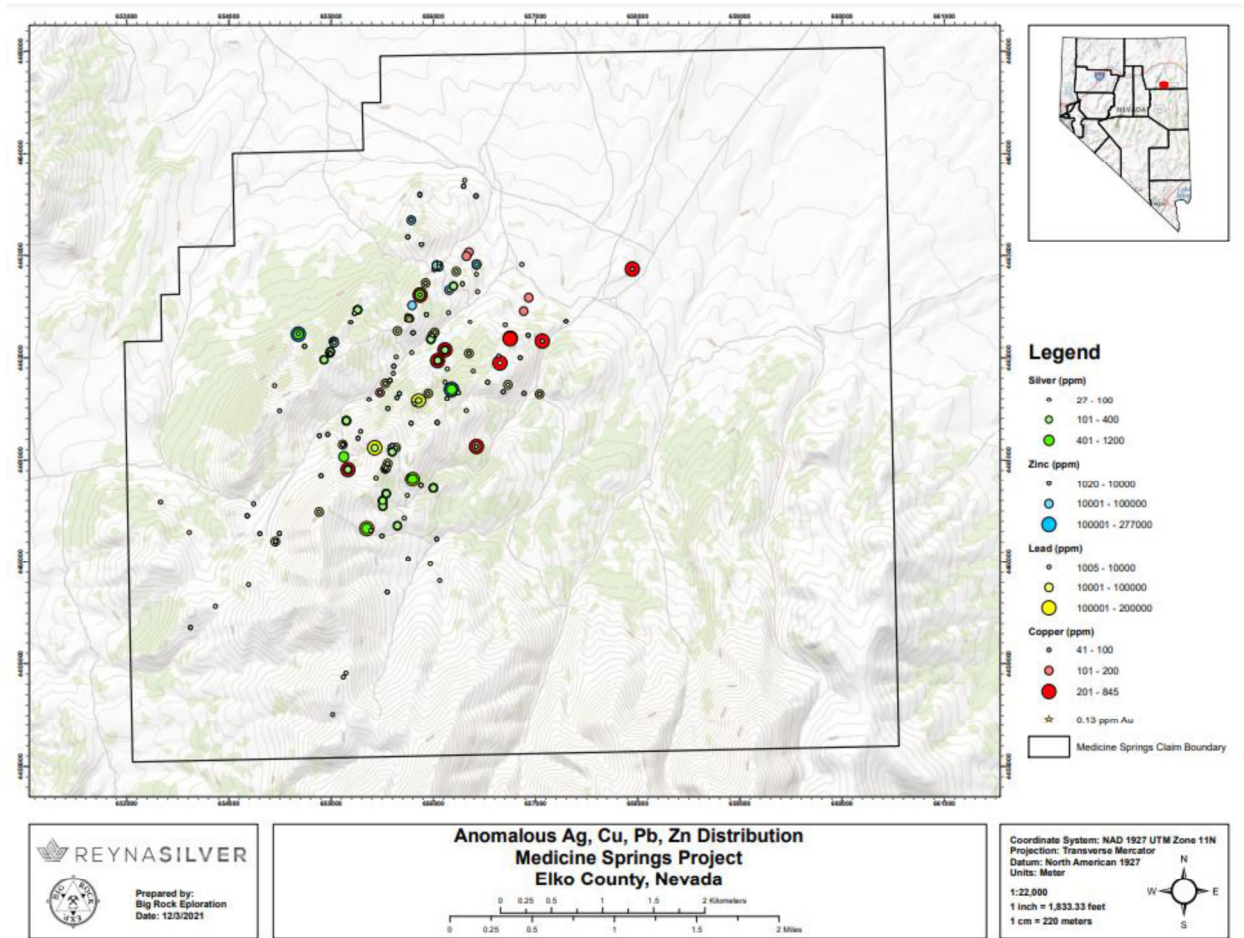
### **Medicine Springs Jasperoids**

Jasperoids (pervasively silica-replaced limestone) are a high-level and distal alteration style typical of many CRD systems. They tend to be geochemically zoned with respect to the intrusive source and major mineralization fluid channelways, making them a useful sampling basis for determining system-wide zoning. At Medicine Springs, well-developed and laterally continuous jasperoid veins and pods were recognized along multiple parallel NE-SW trending structures within an area of about 6 x 6 km. These veins extend well beyond the areas of historic small-scale mining and very shallow drilling, so Reyna sampled them systematically to determine if a mineralization center or centers could be defined.

The sampling showed that many of the jasperoid veins are multi-stage, with episodes of structural movement separating passage of repeated pulses of mineralizing and altering fluids. The individual jasperoid stages were sampled separately, and certain stages were found to have stronger geochemical signatures than others. The sampling shows very strong results for Silver, Lead and Zinc, with lesser Copper concentrated in an area about 2 x 4 km aligned with several parallel NE-SW-trending structural zones. The samplers also documented that the number of stages shown by individual jasperoid veins is zoned with respect to these structural zones. The highest number of stages corresponds to the zones of strongest geochemical results. Importantly, the strongly anomalous area extends over 2 km to the east and south of the area of historic prospecting and exploration drilling and leads right up to the limit of the outcrop.

The geochemical results reveal a broad classic zoning pattern from northeast to southwest of Copper to Zinc to Lead to Silver to Manganese. Pathfinder elements (As, Sb, Hg, Se, Te, V, W) are also strong throughout the anomalous zone, and work is underway to determine their relationship to possible "hot spots." Tungsten (W) is high locally and may be indicative of proximity to major fluid channelways. The most robust consistent copper values cluster near the northeastern limit of outcrop, suggesting the system may continue under alluvium for some distance.

Combining these initial jasperoid results and the lidar-like survey with existing geophysics, geological mapping and soil sampling alongside follow-up additional sampling will refine the zoning patterns and help define drilling targets in the principal area of interest.



### 3(c) Canada

#### i. 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 the Trudeau Gold property in Quebec to Beyond Minerals Ltd. ("Beyond Minerals"). Beyond Minerals is a non-reporting, Manitoba based company. The sale price received by the Company is 1,000,000 shares of Beyond Minerals and a 1.0% NSR.

As of December 31, 2021, these shares were valued at \$100,000.





# REYNASILVER

	Mexico					Canada	USA	Total
	Batopilas	Guigui	La Chinche	La Reyna	Others	Trudeau	Medicine Springs	
<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	-	-	2,998,150	149,625	-	-	128,450	3,276,225
Sale of property	-	-	-	-	-	(813,596)	-	(813,596)
<b>As of December 31, 2021</b>	<b>\$ 597,262</b>	<b>\$ 2,325,115</b>	<b>\$ 4,067,396</b>	<b>\$ 192,168</b>	<b>\$ 17,077</b>	<b>\$ -</b>	<b>\$ 162,281</b>	<b>\$ 7,361,299</b>
<b>Mineral exploration expenses for the year ended December 31, 2021</b>								
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)
	<b>\$ 1,603,757</b>	<b>\$ 5,274,075</b>	<b>\$ 383,878</b>	<b>\$ 110,503</b>	<b>\$ (20,000)</b>	<b>\$ -</b>	<b>\$ 408,968</b>	<b>\$ 7,761,181</b>
<b>Cumulative mineral exploration expenses up to December 31, 2021</b>								
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)
	<b>\$ 1,875,835</b>	<b>\$ 6,455,906</b>	<b>\$ 401,603</b>	<b>\$ 126,214</b>	<b>\$ (20,000)</b>	<b>\$ 4,500</b>	<b>\$ 593,280</b>	<b>\$ 9,437,338</b>

#### **4. Risks and Uncertainties**

The Company is engaged in the exploration for mineral deposits. These activities involve significant risks which even with careful evaluation, experience and knowledge may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the mining industry, metal price fluctuations and operating in foreign countries and currencies.

##### *Inherent risks within the mining industry*

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral deposit.

Mining activities also involve risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the Company's current mineral properties will be economically viable for development and production.

##### *Prices for silver and other commodities*

Metals prices are subject to volatile price fluctuations and have a direct impact on the commercial viability of the Company's exploration properties. Price volatility results from a variety of factors, including global consumption and demand for metals, international economic and political trends, fluctuations in the US dollar and other currencies, interest rates, and inflation. The Company has not hedged any of its potential future silver or other metal sales. The Company closely monitors silver prices as well as other metal prices to determine the appropriate course of action to be taken by the Company.

##### *Foreign currency risks*

The Company uses the Canadian dollar as its measurement and reporting currency, and therefore fluctuations in exchange rates between the Canadian dollar and other currencies may affect the results of operations and financial position of the Company. The Company does not currently have any foreign currency or commercial risk hedges in place.

The Company raises the majority of its equity financings in Canadian dollars while foreign operations are predominately conducted in Mexican pesos and US dollars. Fluctuations in the exchange rates between the Canadian dollar, US dollar and Mexican pesos may impact the Company's financial condition.

##### *Risks Associated with Foreign Operations*

The Company's investments in foreign countries such as Mexico and USA carry certain risks associated with different political, business, social and economic environments. The Company is currently evaluating silver and other commodities in Mexico and USA, but will undertake new investments only when it is satisfied that the risks and uncertainties of operating in different cultural, economic and political environments are manageable and reasonable relative to the expected benefits.



Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance and regulatory characteristics of property rights in certain foreign countries. Access to mineral properties also involves certain inherent risks due to the change in local ranchers and land owners.

Future government, political, legal or regulatory changes in the foreign jurisdictions in which the Company currently operates or plans to operate could affect many aspects of the Company's business, including title to properties and assets, environmental protection requirements, labor relations, taxation, currency convertibility, repatriation of profits or capital, the ability to import necessary materials or services, or the ability to export produced materials.

The exploration of mineral resources in Mexico and USA is subject to a comprehensive review, approval and permitting process that involves various federal, state and local agencies. There can be no assurance given that the required approvals and permits for a mining project, if technically and economically warranted, on the Company's claims can be obtained in a timely or cost-effective manner. The Mexican or US government may enact a law requiring royalties on minerals produced from federal lands, including unpatented claims.

#### *Competition*

The Company competes with larger and better-financed companies for exploration personnel, contractors and equipment. Increased exploration activity has increased demand for equipment and services. There can be no assurance that the Company can obtain required equipment and services in a timely or cost-effective manner.

#### *Financing*

All of the Company's short- to medium-term operating and exploration cash flow have been derived from external financing. Should changes in equity-market conditions prevent the Company from obtaining additional external financing in the future, the Company will review its exploration-property holdings and programs to prioritize project expenditures based on funding availability.

#### *COVID 19 and Global Health Crisis*

The COVID-19 global pandemic and any future emergence and spread of similar viruses could have an adverse impact on global economic conditions which may adversely impact the Company's operations. The Company continues to monitor the situation and the impact the virus may have on its properties. Should the virus spread, travel bans remain in place or should one of the Company's team members or consultants become infected, the Company's ability to advance its properties may be impacted. Similarly, the Company's ability to obtain financing and the ability of the Company's vendors, suppliers, consultants and partners to meet obligations may be impacted as a result of COVID-19 and efforts to contain the virus.

#### *Climate Change*

Climate change is an international concern and as a result poses risk of both climate changes and government policy in which governments are introducing climate change legislation and treaties at all levels of government that could result in increased costs, and therefore, decreased profitability. Climate change regulations may become more onerous over time as governments implement policies to further reduce carbon emissions, including the implementation of taxation regimes based on aggregate carbon emissions. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, the cost of compliance with environmental regulation and changes in environmental regulation have the potential to result in increased cost of operations,

reducing the profitability of the Company's operations or the potential economic value of its development projects.

In addition, our operations could be exposed to a number of physical risks from climate change, such as changes in rainfall rates, rising sea levels, reduced water availability, higher temperatures, increased snowpack and extreme weather events. While the Company has not experienced these events at this point, such events or conditions such as flooding or inadequate water supplies could disrupt mining and transport operations, mineral processing, and rehabilitation efforts, could create resource shortages and could damage our properties or equipment and increase health and safety risks on site. Such events or conditions could have other adverse effects on our workforce and on the communities around our properties.

### *Cybersecurity Threats*

The Company relies on secure and adequate operations of information technology systems in the conduct of its operations. Access to and security of the information technology systems are critical to the Company's operations and exploration. To the Company's knowledge, it has not experienced any material losses relating to disruptions to its information technology systems. The Company has implemented ongoing policies, controls, and practices to manage and safeguard the Company and its stakeholders from internal and external cybersecurity threats and to comply with changing legal requirements and industry practice. Given that cyber risks cannot be fully mitigated and the evolving nature of these threats, the Company may not have the resources or technical sophistication to anticipate, prevent, or recover from cyber-attacks and cannot assure that its information technology systems are fully protected from cybercrime or that the systems will not be inadvertently compromised, or without failures or defects. Disruptions to information technology systems, including, without limitation, security breaches, power loss, theft, computer viruses, cyber-attacks, natural disasters, and non-compliance by third-party service providers and inadequate levels of cybersecurity expertise and safeguards of third-party information technology service providers, may adversely affect the operations of the Company as well as present significant costs and risks including, without limitation, loss or disclosure of confidential, proprietary, personal or sensitive information and third-party data, material adverse effect on its financial performance, compliance with its contractual obligations, compliance with applicable laws, damaged reputation, remediation costs, potential litigation, regulatory enforcement proceedings and heightened regulatory scrutiny.

## **5. Impairment of Long-lived Assets**

The Company completed an impairment analysis as at December 31, 2021, which considered the indicators of impairment in accordance with IAS 36, "Impairment of Assets". Management concluded that no further impairment charges were required because:

- there have been no significant changes in the legal factors or climate that affects the value of the properties;
- all property rights remain in good standing;
- there have been no significant changes in the projections for the properties;
- exploration results are generally positive; and
- the Company intends to continue its exploration and development plans on its properties.

## **6. Material Financial and Operations Information**

### **6(a) Selected Annual Financial Information**

The following selected annual financial information has been derived from the last three audited financial statements of the Company, which have been prepared in accordance with IFRS. All dollar amounts are expressed in Canadian dollars.

	2021	2020	2019
Total revenues	\$ -	\$ -	\$ -
Expenses	\$ 11,150,250	\$ 5,676,345	\$ 510,380
Loss for the year	\$ 11,857,689	\$ 5,661,976	\$ 510,380
Basic and diluted loss per share	\$ 0.12	\$ 0.09	\$ 0.04
Total assets	\$ 16,530,510	\$ 16,569,897	\$ 3,462,442
Total long-term financial liabilities	\$ -	\$ -	\$ -
Cash dividend declared - per share	N/A	N/A	N/A

### 6(b) Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	Three months ended			
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Total revenues	\$ -	\$ -	\$ -	\$ -
Loss before other items	\$ 584,537	\$ 962,327	\$ 858,816	\$ 3,270,665
Net loss	\$ 584,537	\$ 961,862	\$ 849,758	\$ 3,265,819
Loss per share	\$ 0.02	\$ 0.02	\$ 0.01	\$ 0.04

	Three months ended			
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Total revenues	\$ -	\$ -	\$ -	\$ -
Loss before other items	\$ 1,479,127	\$ 2,592,569	\$ 2,894,889	\$ 4,183,665
Net loss	\$ 1,474,268	\$ 3,304,889	\$ 2,894,870	\$ 4,183,662
Loss per share	\$ 0.02	\$ 0.04	\$ 0.03	\$ 0.04

### 6(c) Review of Operations and Financial Results

#### For the three months ended December 31, 2021 compared with the three months ended December 31, 2020:

The Company's exploration expenses amounted to \$2,714,059 (2020 - \$662,212), an increase of \$2,051,847 as a result of the Company being more active in its exploration work on its properties in Mexico, including Guigui, Batopilas and La Chinche properties as well as its Medicine Spring property in USA.

Excluding the share-based payment of \$730,698 (2020 - \$1,180,960) and foreign exchange of \$17,295 (2020 - \$321,496), the Company's administrative expenses amounted to \$721,613 (2020 - \$1,105,997), a decrease of \$384,384 mainly due to: (a) consulting fees of \$72,107 (2020 - \$175,185); (b) management and director fees of \$120,000 (2020 - \$525,731); while being offset by the increases in (c) marketing and shareholders communication of \$324,256 (2020 - \$247,092), and (d) office of \$123,210 (2020 - \$35,908). During fiscal 2021, the Company was a publicly listed company with administrative expenses to support the exploration activities; while during fiscal 2020, the Company was working on getting itself listed on the TSX Venture Exchange.

During the three months ended December 31, 2021, the Company recorded a net loss of \$4,183,662 (loss per share - \$0.04) compared to a loss of \$3,265,819 (loss per share - \$0.04) for the three months ended December 31, 2020.

**For the year ended December 31, 2021 compared with the year ended December 31, 2020:**

The Company's exploration expenses amounted to \$7,781,181 (2020 - \$1,192,157), an increase of \$6,589,024 as a result of the Company being more active in its exploration work on its properties in Mexico, including Guigui, Batopilas and La Chinche properties as well as its Medicine Spring property in USA. The Company received \$20,000 (2020 - \$Nil) from an optionee for the El Durazno property.

Excluding the share-based payment of \$1,130,707 (2020 - \$1,228,305) and foreign exchange of \$87,770 (2020 - \$447,531), the Company's administrative expenses amounted to \$2,170,592 (2020 - \$2,808,352), a decrease of \$637,760 mainly due to: (a) consulting fees of \$280,533 (2020 - \$765,719); (b) legal of \$63,550 (2020 - \$390,955); (c) management and director fees of \$480,000 (2020 - \$777,981); while being offset by the increases in (d) marketing and shareholders communication of \$885,717 (2020 - \$605,496) and (e) office of \$227,671 (2020 - \$58,732). During fiscal 2021, the Company was a publicly listed company with administrative expenses to support the exploration activities; while during fiscal 2020, the Company was working on getting itself listed on the TSX Venture Exchange.

During the year ended December 31, 2021, the Company recorded a net loss of \$11,857,689 (loss per share - \$0.12) compared to a loss of \$5,661,976 (loss per share - \$0.09) for the year ended December 31, 2020.

**6(d) Liquidity and Capital Resources**

As at December 31, 2021, the Company had a working capital of \$7,490,124 (December 31, 2020 - \$11,074,505). With respect to working capital, \$7,701,491 was held in cash and cash equivalents (December 31, 2020 - \$11,294,878). The decrease in cash and cash equivalents was mainly due to (a) operating expenses including exploration expenses totaling \$10,402,635; (b) exploration and evaluation assets expenditures of \$279,371; while being offset by (c) net proceeds of \$7,088,619 from the issuance of shares.

The Company received funding from the exercise of warrants subsequent to December 31, 2021 (see "Summary and Outlook" section).

During the year ended December 31, 2021, the Company issued 699,666 common shares toward partial annual compensation to seven advisors and consultants of the Company. The share compensation was based on a 20-day volume weighted average price of \$1.00 per share.

During the year ended December 31, 2021, the Company granted 130,000 options to its consultant with an exercise price of \$1.00 expiring on March 30, 2024, 502,400 options to its consultants with an exercise price of \$1.03 expiring on January 12, 2026, and 1,600,000 options to its directors and officers with an exercise price of \$0.71 expiring on December 16, 2026.

Subsequent to December 31, 2021, the Company issued 155,843 common shares toward partial annual compensation to five directors and officers of the Company. The share compensation was based on a 30-day volume weighted average price on closing of December 17, 2021 of \$0.77 per share.

Management estimates that the current cash position and future cash flows from the exercise of warrants, finder's warrants and options will be sufficient for the Company to carry out its anticipated exploration and operating plans through fiscal 2022.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

## 6(e) Disclosure of Outstanding Share Data

### Common Shares

Authorized: unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series.

	Issued and Outstanding	
	December 31, 2021	April 28, 2022
Common shares	101,513,218	102,309,061

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

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

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.

The remaining outstanding stock options finder's warrants and warrants, if all exercised, would increase the Company's cash by \$22,273,141. However, if the strike prices of the options, finder's warrants and warrants are greater than the fair market price, this may influence whether options, finder's warrants and warrants that expire in the near future will be exercised.

As at the date of this MD&A, there were 102,309,061 common shares issued and outstanding and 131,422,884 common shares outstanding on a diluted basis.

#### 6(f) Commitment

The Company is committed to issue a total of 1,401,667 common shares to its directors, officers and consultants over the next 24 months for consulting and geological consulting services. Subsequent to December 31, 2021, the Company issued 155,843 common shares toward partial annual compensation to five directors and officers of the Company.

#### 6(g) Off-Balance Sheet Arrangements

None.

#### 6(h) Transactions with Related Parties

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 <sup>(1)</sup> Chief Executive Officer, Director	\$ 300,000	\$ -	\$ 178,760	\$ 478,760
Michael Wood <sup>(2)</sup> Chief Financial Officer, Director	\$ 120,000	\$ -	\$ 178,760	\$ 298,760
Peter Jones <sup>(3)</sup> Director	\$ 25,000	\$ -	\$ 134,070	\$ 159,070
Alex Langer <sup>(4)</sup> Director	\$ 20,000	\$ -	\$ 111,725	\$ 131,725
Evaristo Trevino <sup>(5)</sup> Director	\$ 15,000	\$ -	\$ 111,725	\$ 126,725
Ariel Navarro - Vice President of Exploration of the Company <sup>(6)</sup>	\$ -	\$ 33,333	\$ -	\$ 33,333
<b>TOTAL:</b>	<b>\$ 480,000</b>	<b>\$ 33,333</b>	<b>\$ 715,040</b>	<b>\$ 1,228,373</b>

(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) 33,333 shares were issued for services provided at a fair value of \$1.00 per share for a total of \$33,333.

Related party transactions and balances:

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

(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.

## 6(i) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables (excluding sales tax), trade and other payables and shareholders' loans that approximate their carrying values.

### 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.

### 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.

### 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.

### Foreign Exchange 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 dollars would affect its net loss by approximately \$72,000.

### Commodity Risk

Commodity risk is the risk on financial performance due to fluctuations in the prices of commodities. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of commodities for which it is exploring. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

### 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.

## 6(j) Management of Capital Risk

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

## **7. Events after the Reporting Period**

None other than disclosed already in other sections.

## **8. Policies and Controls**

### **8(a) Significant Accounting Judgments and Estimates**

The preparation of the 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. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- 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.

## **9. Internal Control Over Financial Reporting**

### **Changes in Internal Control over Financial Reporting (“ICFR”)**

In connection with National Instrument 52-109, Certification of Disclosure in Issuer’s Annual and Interim Filings (“NI 52-109”) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management’s Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

### **Disclosure Controls and Procedures**

The Company’s CEO and CFO are responsible for establishing and maintaining the Company’s disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company’s disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

## **10. Information on the Officers and Board of Directors**

### **Directors:**

*Peter Jones, Chairman*

*Jorge Ramiro Monroy*

*Michael Wood*

*Alexander Langer*

*Evaristo Trevino Berlanga*

### **Audit Committee members:**

*Evaristo Trevino Berlanga, Peter Jones and Alexander Langer*

### **Management:**

*Jorge Ramiro Monroy – Chief Executive Officer*

*Michael Wood – Chief Financial Officer*

*Ariel G. Navarro Herrera, MSc. – Vice President of Exploration*