



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

**OVERVIEW AND INTRODUCTORY COMMENT**

Reyna Silver Corp. (“Reyna” or the “Company”) is a growth-oriented junior exploration and development company listed on the TSX Venture Exchange under the trading symbol “RSLV”. The Company focuses on exploring for high-grade, district-scale silver deposits in Mexico and USA.

Reyna’s principal property is the Guigui Property in Mexico. It also holds interests in each of the Batopilas, La Durazno and Matilde mineral properties as well as recently optioned La Chinche and La Reyna properties in Mexico. The Company also has an option to acquire 80% of the Medicine Springs property in Nevada, USA.

This MD&A is dated May 28, 2021 and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements and the related notes for the three months ended March 31, 2021 and the Company’s audited consolidated financial statements for the year ended December 31, 2020 and the related notes thereto.

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).

**MAJOR QUARTERLY OPERATING MILESTONES**

Properties update:

(a) Guigui Property, Mexico

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 is focused on targeting the hypothesized intrusive source of the Santa Eulalia, Carbonate Replacement Deposit (CRD); Mexico’s largest. Drilling is being targeted on a combination of surface geological mapping and geochemical sampling, extensive legacy geophysics and Worldview III hyperspectral alteration mapping. Through the end of the quarter ending March 31, 2021, 3,963 meters of the 10,000m budgeted program have been drilled. Subsequent to quarter end the decision to bring in a second drill rig was made, subject to availability of equipment, operators and water. Assays are pending and results of the program will be released once it is complete.

(b) Batopilas Property, Mexico

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 both the new and long-known structures with all 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 1. 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).

Sample Number	Sample Type	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

Sample Number	Sample Type	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



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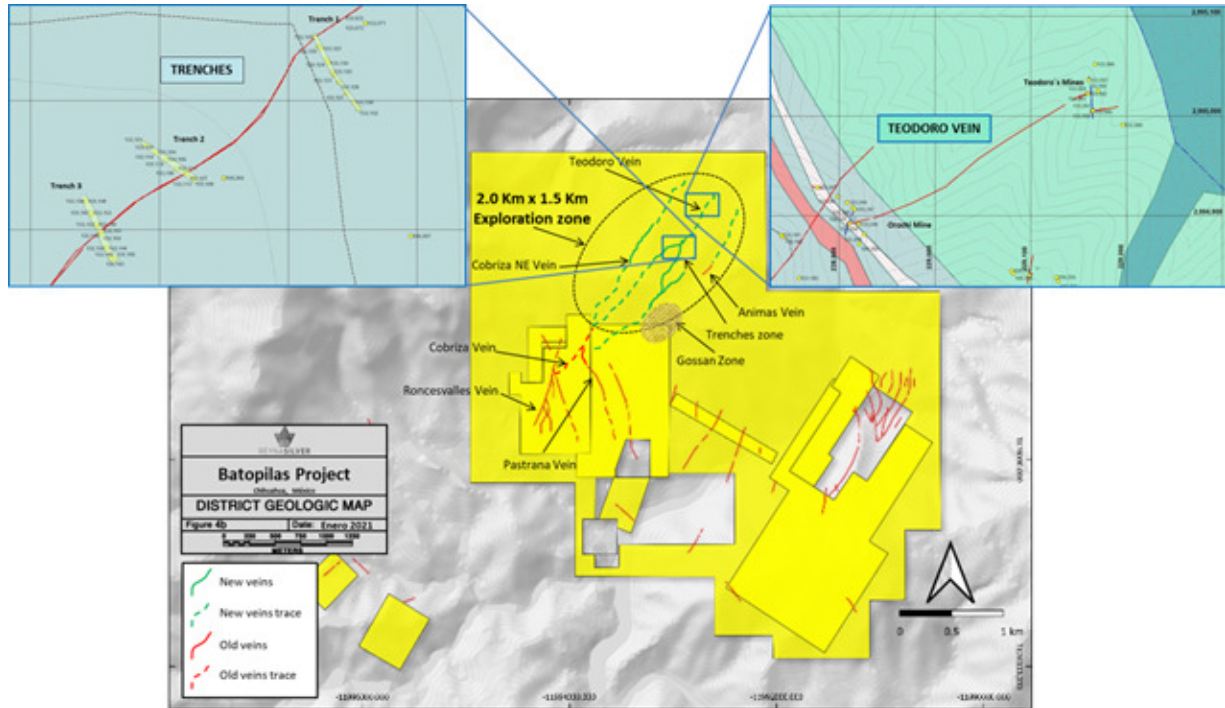
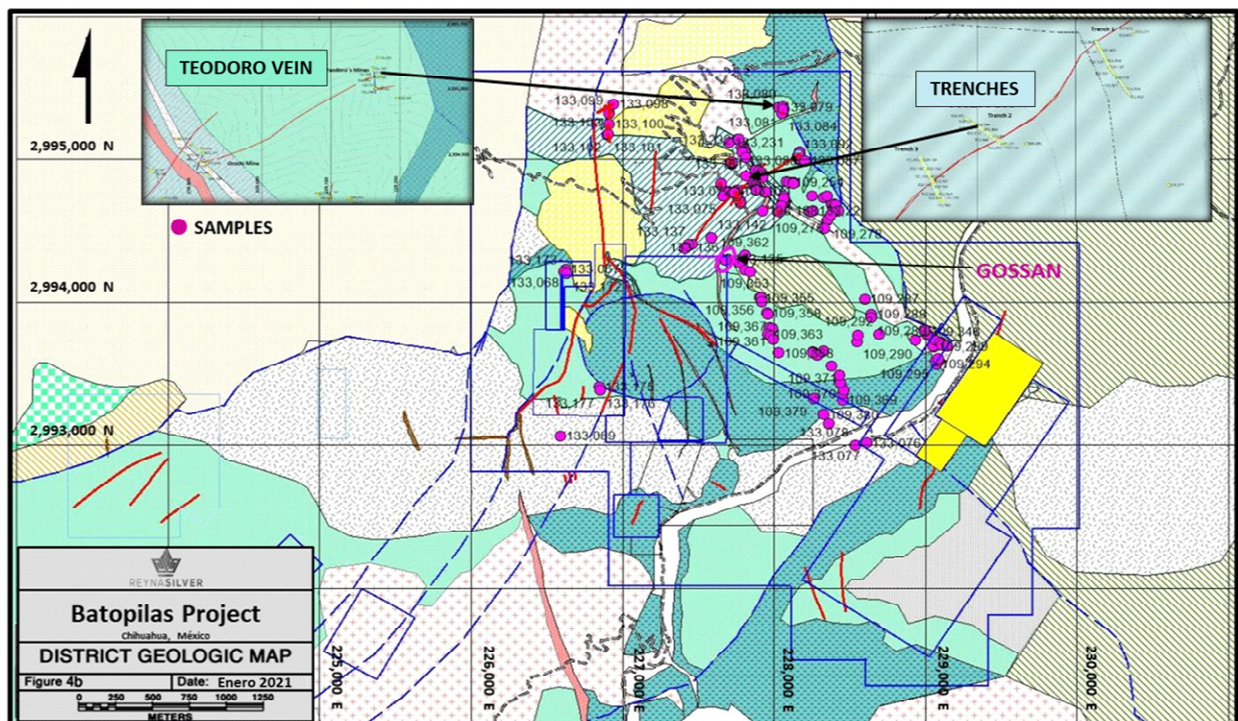


Figure 1. Map of the Batopilas Property with the identified vein traces; Circled area represents the zone of the 2020 Exploration program at the project.

Figure 2. Geological Map of the Batopilas Project area and the sampling locations of the 2020 Exploration Program at Batopilas.

**On-going work**





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On May 26, 2021, the Company announced that drilling at Batopilas is set to begin the second week of June. The drill program is following 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.

With the proceeds from the financing announced on May 26, 2021, the Company will increase the drill program at Batopilas from the 5,000 meters originally planned to 10,000 meters and will expand the current drilling at Guigui from 10,000 meters to 12,000 meters.

(c) Trudeau Gold Property (Quebec, Canada)

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.

(d) Medicine Springs Property (Nevada, USA)

During the quarter ending March 31, 2021 winter seasonal conditions limited work that could be done by the Company at Medicine Springs beyond planning for an anticipated Spring and Summer systematic property-wide selective sampling program and drill permitting. In light of the recognition through reconnaissance work in October 2020, the Company has learned that the potential mineralized system is more extensive than previously thought.

### QUARTERLY FINANCIAL CONDITION

Capital Resources

During the three months ended March 31, 2021, the Company issued common shares pursuant to the exercise of 212,500 advisor options, 57,138 finder's warrants and 1,372,743 warrants for cash proceeds of \$696,196.

During the three months ended March 31, 2021, 502,400 options were granted to its consultants with an exercise price of \$1.03 expiring on January 12, 2026 and 130,000 options to a consultant with an exercise price of \$1.00 expiring on March 30, 2024.

Subsequent to March 31, 2021, 493,375 warrants were exercised with exercise prices at \$0.45.

On April 30, 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.

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

Each Unit will be comprised of one common share of the Company and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant shall be exercisable



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to acquire one common share of the Company at a price of \$1.25 at any time on or before the date which is 24 months after the closing date of the Offering.

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

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

The Company intends to use the net proceeds from the Offering for the exploration of the Company's Guigui and Batopilas projects in Mexico and for general working capital purposes.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from warrants, finders' warrants, advisors' options and options, along with the planned developments within the Company are sufficient to carry out its activities throughout 2021. The Company would consider future equity financings if such financings are beneficial to the Company. If the market conditions change, the Company will make adjustment to its budgets accordingly.

### Liquidity

As at March 31, 2021, the Company had a working capital of \$10,378,887 (December 31, 2020 – \$11,074,505). With respect to working capital, \$10,319,369 was held in cash and cash equivalents (December 31, 2020 – \$11,294,878). The decrease in cash was mainly due to (a) operating expenses including exploration expenses totaling \$1,613,775; (b) exploration and evaluation assets expenditures of \$57,930; while being offset by (c) net proceeds of \$696,196 from the exercised warrants, options and finder's warrants.

### Operations

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

The Company's exploration expenses amounted to \$690,435 (2020 - \$160,095), an increase of \$530,340 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.

Excluding the share-based payment of \$269,514 (2020 - \$Nil) and foreign exchange of \$87,289 (2020 – \$25,507), the Company's administrative expenses amounted to \$431,889 (2020 - \$398,935), a slight increase of \$32,954 mainly due to: (a) management fee of \$120,001 (2020 - \$60,000); (b) transfer agent, listing and filing fee of \$28,418 (2020 - \$Nil); while being offset by the decrease in consulting fees of \$86,514 (2020 - \$177,867). 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 looking to get itself listed on the TSX Venture Exchange.



During the three months ended March 31, 2021, the Company reported a loss of \$1,474,268 (2020 – \$584,537), an increase of \$889,731.

## **SIGNIFICANT RELATED PARTY TRANSACTIONS**

During the quarter, there was no significant transaction between related parties other than the normal course of business.

## **COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES**

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

Other than disclosed in this MD&A – Quarterly Highlights, the Company does not have any commitments, expected or unexpected, or uncertainties.

## **RISK FACTORS**

In our MD&A filed on SEDAR April 30, 2021 in connection with our annual financial statements (the “Annual MD&A”), we have set out our discussion of the risk factors which we believe are the most significant risks faced by the Company. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company’s undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company’s outstanding share data as at March 31, 2021:

	Issued and outstanding	
	March 31, 2021	May 28, 2021
Common shares outstanding	91,728,918	92,921,959
Options	2,884,585	2,884,585
Warrants	21,035,753	20,542,378
Finder's warrants	1,588,349	1,588,349
Warrants associated with Finder's warrants	367,102	367,102
Fully diluted common shares outstanding	117,604,707	118,304,373



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## QUALIFIED PERSON

Dr. Peter Megaw, Ph.D., C.P.G., is the Company's Qualified Person, 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.

### Cautionary Statements

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.