



REYNA SILVER CORP.
(An Exploration Stage Company)

**MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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 the 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 August 24, 2022 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 six months ended June 30, 2022 and the Company’s audited consolidated financial statements for the year ended December 31, 2021 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, and/or on the Company’s website at www.reynasilver.com.

MAJOR QUARTERLY OPERATING MILESTONES

Properties update:

(a) Guigui Property, Mexico

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 km². The second important focus was to look within the 1,200m thick historical productive limestone sequence that overlies the skarn zone for high-level 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 historical mines and may provide important mineralization vectors moving forward. Phase 3 will focus on seeking massive



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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 km²** (Fig.1)
- 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 1).
- 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 2).

Table 1. 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	338	0.44	0.42	
<i>with</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	Zinc-Lead Zone
<i>including</i>	1,337.65	1,339.50	1.85	128	3.69	16.00	

Table 2. 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	2.11	233	0.02	0.02
GG21-31						
	547.58	548.78	1.20	105	4.88	0.62
GG21-33						
	648.03	652.54	4.51	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 (0.5km²) area within Reyna's 4,750 ha (47.5 km²) 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 historical 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.

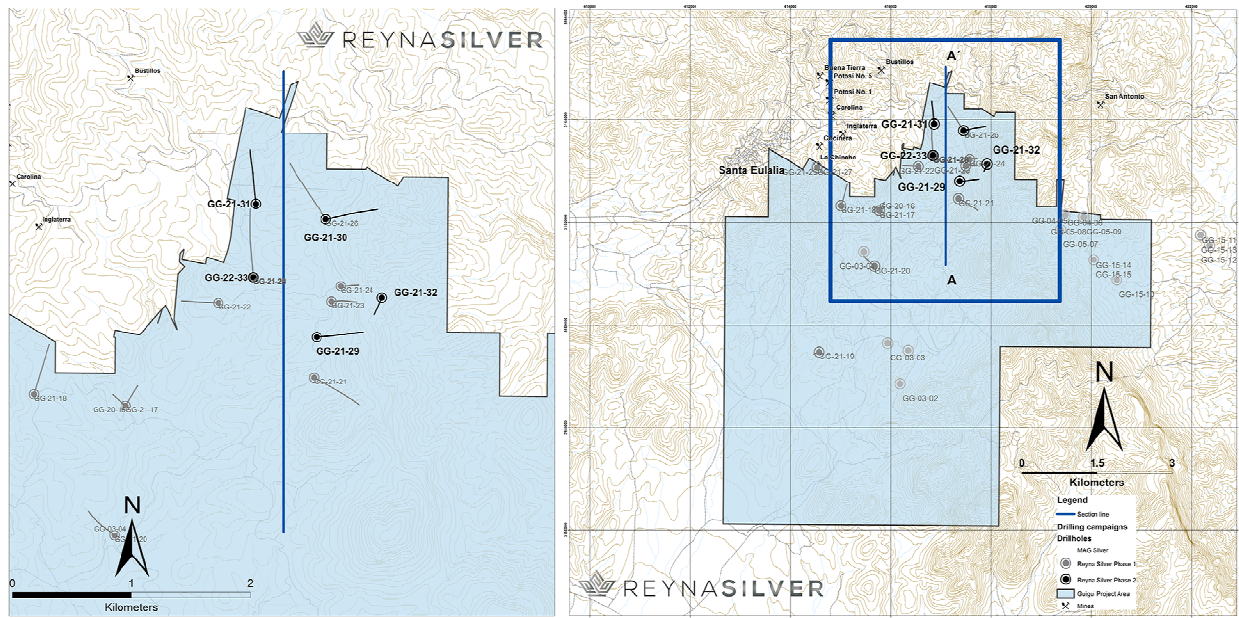


Figure 1. Map of the combined Guigui Property showing its location south of the historical district mines and locations of drill holes described in the release. The most recent Reyna Silver drill holes are black, prior Reyna Silver drill holes are in grey, and the MAG Silver drill holes are in pale grey.

Four of the five Phase 2 holes succeeded in intersecting intrusive-hosted mineralized skarn (Table 1). 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 km².

The second important focus of Phase 2 drilling was to look above the mineralized skarn zone within the overlying 1,200m thick historical productive limestone sequence for mineralized structures potentially sourced from the mineralized skarn. Silver-bearing sulfide carbonate veins ranging from a few centimetres to 4.5 metres wide (core length) cutting massive limestone were



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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 2). These are all high-angle structures that closely resemble “feeder” or “bleeder” structures that extend to and from major replacement bodies in the historical mines and may provide important mineralization vectors moving forward.

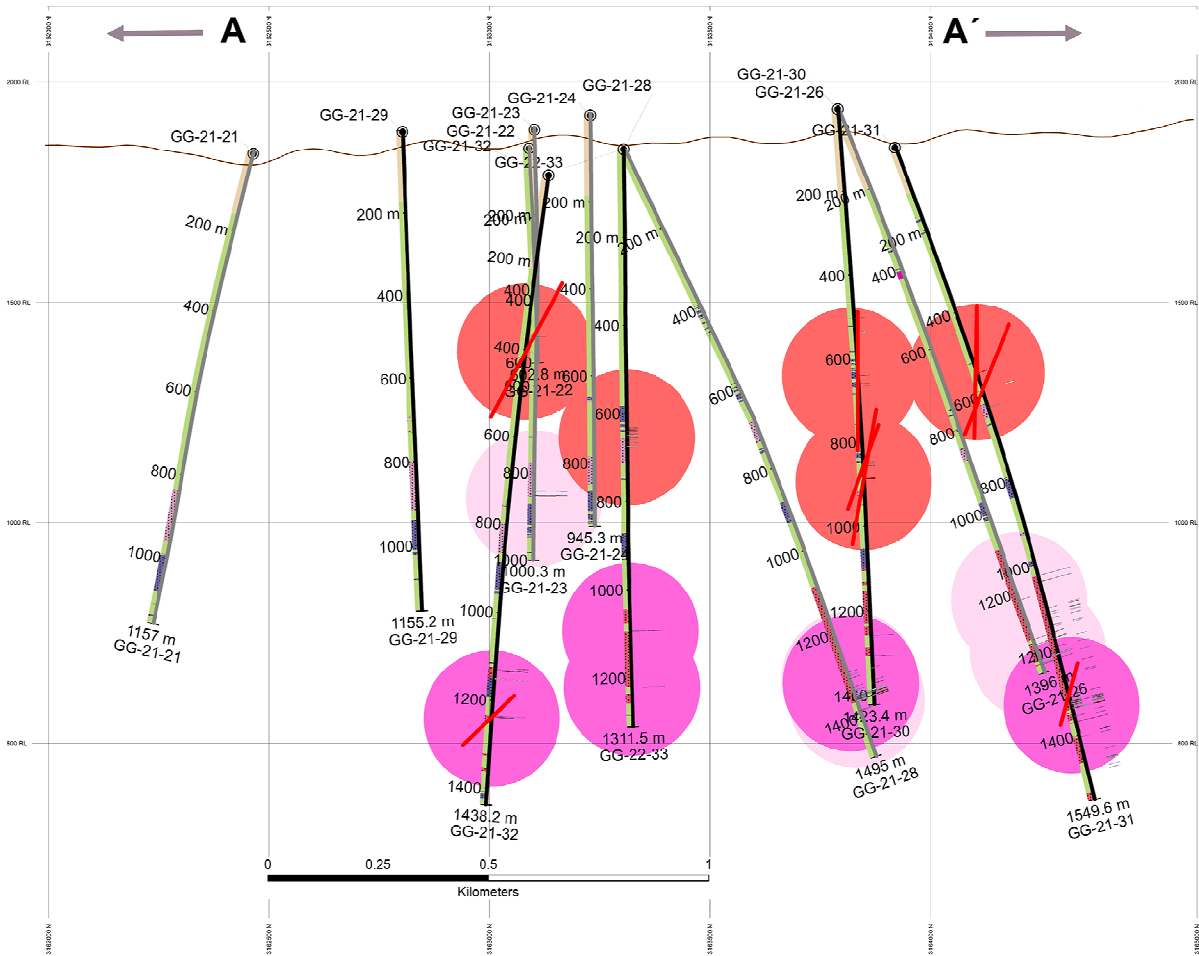
The two near end-members of the CRD spectrum emerging from Phases 1 and 2 provide critical tools for focusing ongoing exploration (See Figure 3 for a simplified CRD model). Phase 3 will focus on the upper-level structures potentially indicative of massive replacement mineralization while continuing to 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 km². 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 core 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 (Table 2). 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.



Legend

Drilling highlights <ul style="list-style-type: none"> ● Sulfide-bearing Veins ● Skarn Mineralization - Phase 2 ● Skarn Mineralization - Phase 1 	Ag ppm 20 - 75 76 - 100 101 - 500 501 - 1040	Pb % 2 - 4 4 - 8 8 - 20 > 20	Zn % 2 - 5 5 - 10 10 - 20 > 20	Drilling phases Phase 1 Phase 2 Mineralized structures — Veins	Lithology Rhyolitic dike Volcanics capping Felsite sill Qz eye rhyolitic intrusive Diabase sill Limestone
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Figure 2. 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. Note that the pale pink circles appear higher than their actual positions due to projection to a common plane.



Table 3. 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

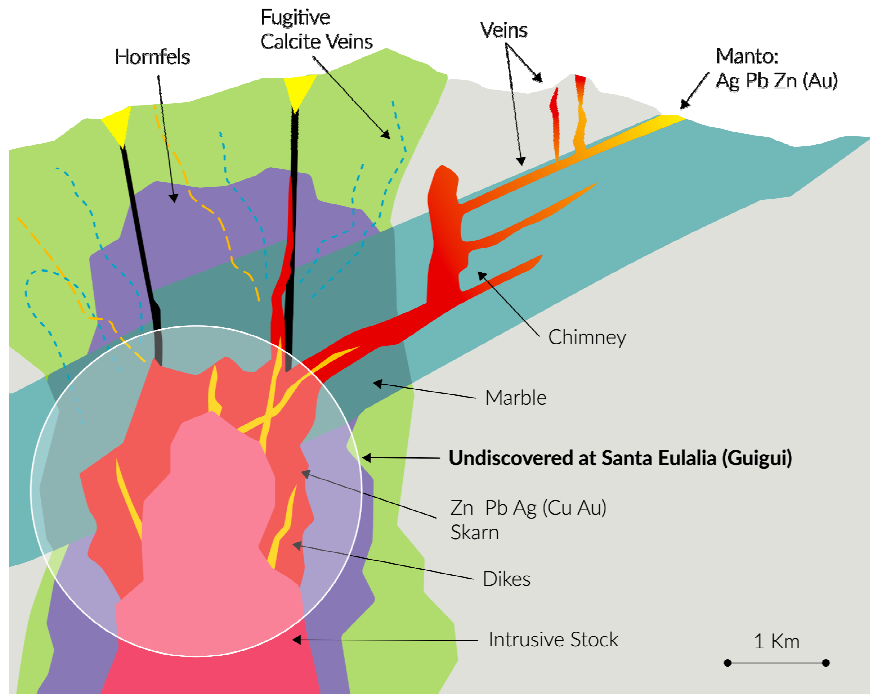


Figure 3. Simplified CRD system model. The source intrusion and related proximal mineralization shown within the highlighted area have yet to be found in the Santa Eulalia District and are the principal focus of Reyna Silver’s exploration program. However, the potential for additional manto and chimney-style massive sulphide mineralization in the limestone outboard of the source zone remains high and is an equally important exploration focus.



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(b) Batopilas Property, Mexico

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 4).
- The NE gold zone overlaps the southwestern (SW) native silver zone, indicating two overlapping mineralization sources (Figure 4).
- 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 4. Highlights from Hole BA21-42A

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

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 5). This is a marked divergence from the calcite-dominant veins which contained the district’s historic native silver ore.

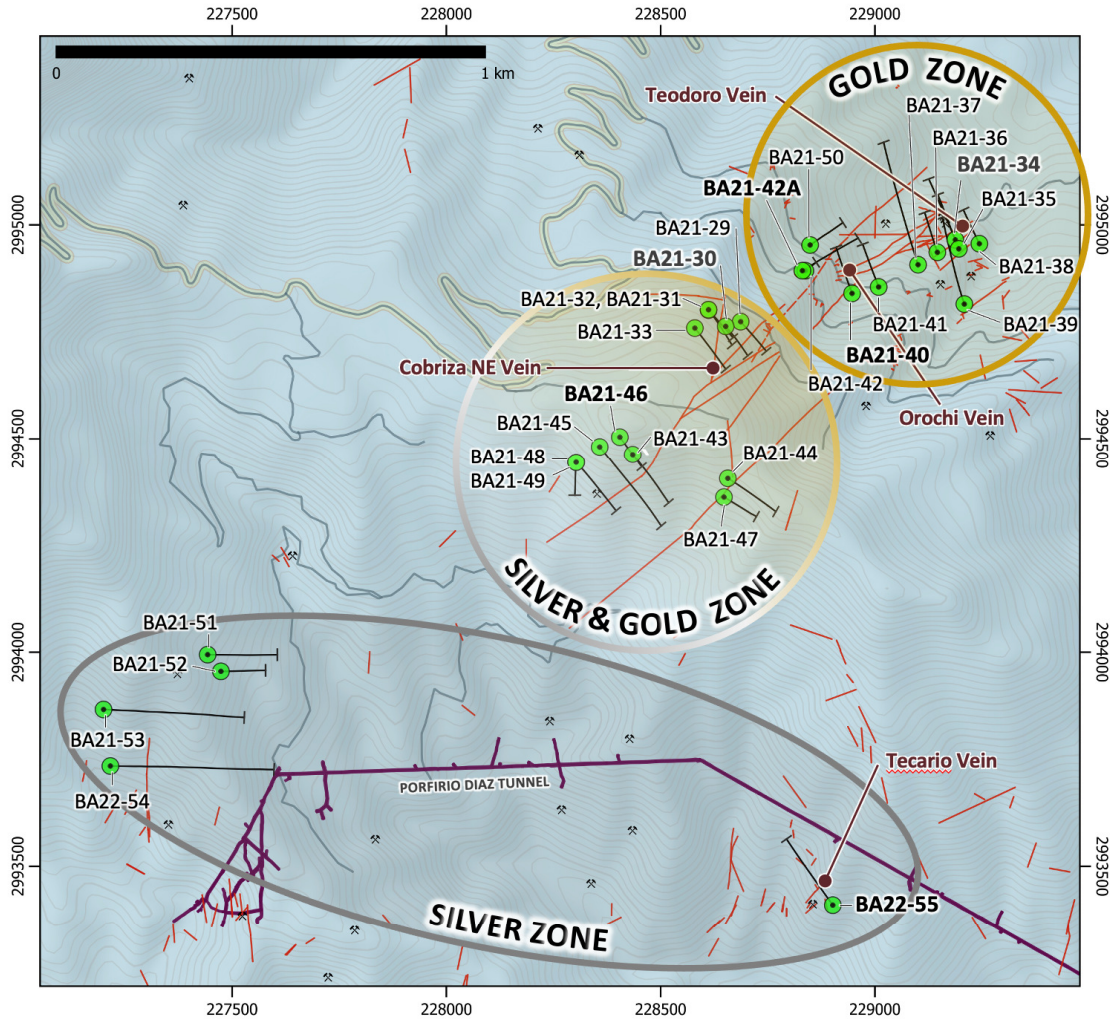
Table 5. Drill results from the NE gold zone.

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	11.55
and	56.30	56.60	0.30	18.95
BA21-42A	179.85	185.25	5.40	5.68
including	180.20	185.25	5.05	6.05
including	180.20	183.85	3.65	8.18
including	182.20	183.85	1.65	12.75
and	180.20	180.95	0.75	9.55



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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 and overlapping styles of mineralization.

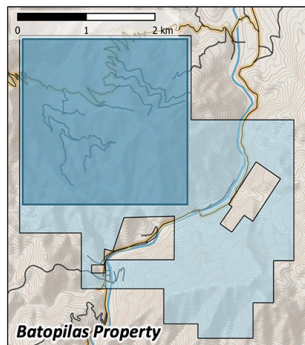


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Batopilas Property Map with the Location of Stage 1 Drill Holes

Coordinate System: NAD27 UTM Zone 13N
 Projection: Transverse Mercator
 Datum: North American Datum 1927
 Units: Meter

1:13000
 1 cm = 130 meters



Legend

- Stage 1 Drill Holes
- Veins
- Porfirio Diaz Tunnel
- Main Road
- Secondary Road
- River
- Batopilas Property
- Old Mines

Figure 4. 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 Zona 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 historical portion of the district, and cut through a 1.8m zone of unexpectedly strong gold mineralization (Table 6). 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 6. 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 7. 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	6.91	5.15	34.17%
BA21-34	45.70	45.95	0.25	36.10	28.70	25.78%
BA21-37	37.90	38.20	0.30	0.46	1.78	-74.08%
BA21-42	56.30	56.60	0.30	18.95	15.45	22.65%
BA21-41	38.15	38.35	0.20	1.39	1.19	17.30%
BA21-42A	179.85	189.20	9.35	3.38	2.88	17.14%
BA21-42A	179.85	185.25	5.40	5.68	4.82	17.69%
BA21-42A	180.20	185.25	5.05	6.05	5.14	17.71%
BA21-42A	180.20	183.85	3.65	8.18	6.99	17.12%
BA21-42A	180.20	180.95	0.75	9.55	6.54	46.02%
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	5.61	3.51	59.83%

(c) Medicine Springs Property, Nevada, USA

On January 10, 2022, the Company reported results from its district-wide selective jasperoid-based sampling program at Medicine Springs Property.

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. The sampling program aimed to determine if the jasperoids signaled a distal expression of a deeper mineralizing system. 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 5). 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 historical 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 and outline the NE-SW trending structures that channeled mineralizing fluids. Definition of targets to permit for drilling in H2 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 ranges 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 historical 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 historical 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 a Lidar-like survey with existing geophysics, geological mapping and soil sampling alongside follow-up additional sampling should refine the zoning patterns and help define drilling targets in the principal area of interest.

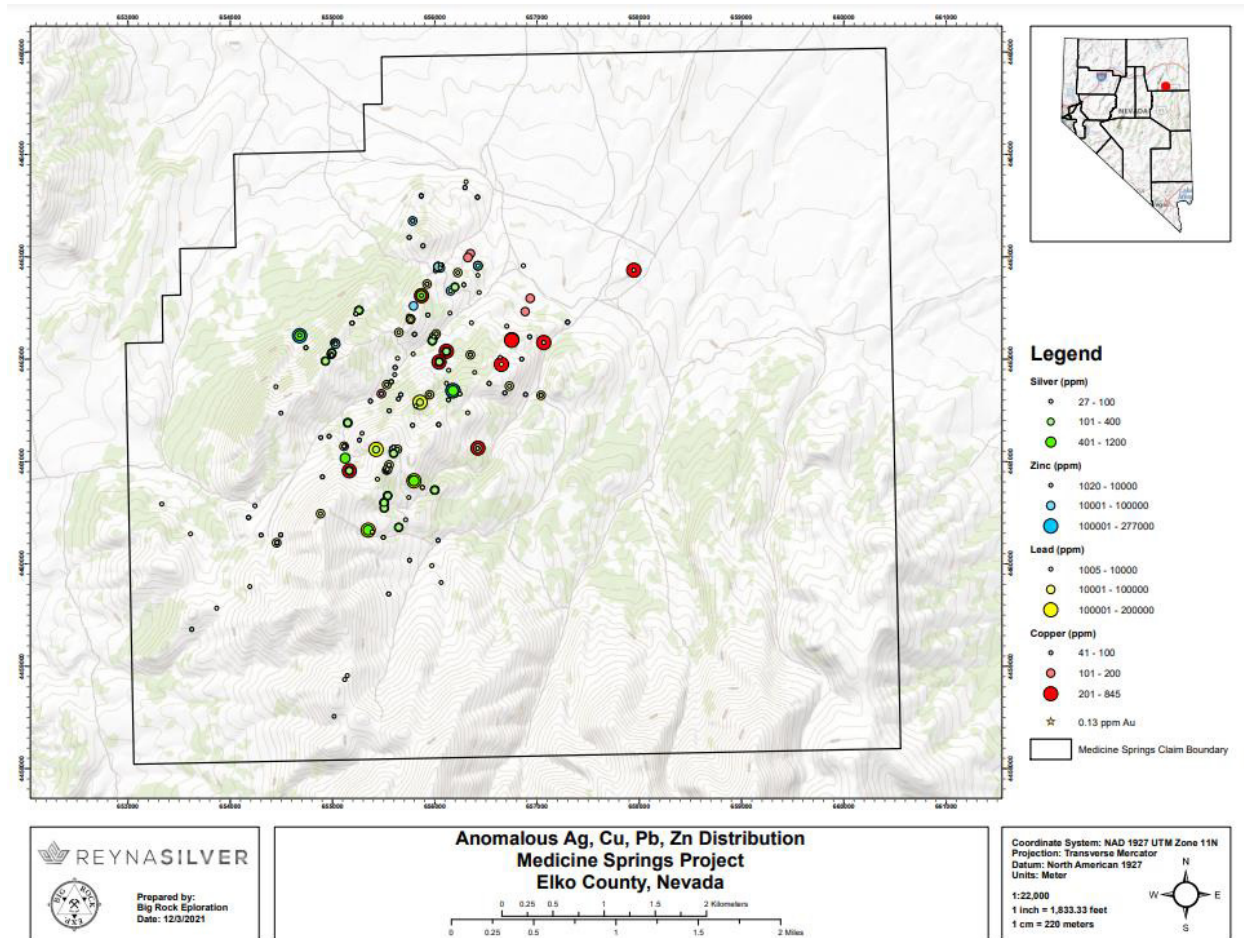


Figure 5. Composite map showing the highest jasperoid geochemical results for Silver, Lead, Zinc, and Copper within the overall Medicine Springs Project area.

On May 26, 2022, the Company announced the commencement of its 2022 exploration program on the Medicine Springs Project which includes:

- Refining drilling targets based on on-going reevaluation of historical geological, geochemical, and geophysical data provided by Northern Lights and combining them with Reyna’s Selective Jasperoid Sampling survey completed in January, which returned strong results for Silver, Lead, Zinc, and Copper, including over 1,000 g/t silver in two samples (see press release dated Jan. 10, 2022 and below);
- Conducting additional field studies to fine-tune drill targets including in-fill Jasperoid sampling in the most anomalous areas;
- Permitting the upcoming campaign through the Bureau of Land Management (BLM) Notice of Intent (NOI) process;
- Organizing camp and drilling support logistics; and
- Undertaking a fully budgeted 5,000-7,000 m of drilling in H2, 2022.



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(d) La Chinche Property, Mexico

On July 14, 2022, the Company had acquired an 80% interest in the La Chinche property as it completed the final US\$1,000,000 payment to the sellers in July.

QUARTERLY FINANCIAL CONDITION

Capital Resources

On January 24, 2022, 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 20-day volume weighted average price of \$0.77 per share.

On June 24, 2022, the Company completed a non-brokered private placement by issuing 13,888,889 units ("Unit") at a price of \$0.36 per Unit for gross proceeds of \$5,000,000. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for a 24-month period at a price of \$0.50, expiring on June 24, 2024. Under the residual value approach, no value was assigned to the warrant component of the Units.

In connection with the private placement, the Company paid a total of \$326,452 cash finder's fee, issued 624,999 compensation options, each of which is exercisable into one Unit at a price of \$0.36 for a period of 24 months, expiring on June 24, 2024, and issued 284,105 finder's warrants, each of which is exercisable into one common share at a price of \$0.50 for a period of 24 months, expiring on June 24, 2024. Another \$213,469 was also included as share issue costs.

On June 30, 2022, the Company issued 250,000 common shares with a fair value of \$78,750 to United Minerals pursuant to the mineral property option agreement.

During the six months ended June 30, 2022, the Company issued common shares pursuant to the exercise of 923,000 warrants and 375,000 options for cash proceeds of \$490,350.

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 2022. 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 June 30, 2022, the Company had a working capital of \$9,308,736 (December 31, 2021 – \$7,490,124). With respect to working capital, \$9,555,848 was held in cash and cash equivalents (December 31, 2021 – \$7,701,491). The increase in cash was mainly due to (a) net proceeds of \$5,173,381 from issuance of shares; while being offset by (b) operating expenses including exploration expenses totaling \$3,220,006 and (c) exploration and evaluation assets expenditures of \$99,018.



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Operations

For the three months ended June 30, 2022 compared with the three months ended June 30, 2021:

The Company's exploration expenses amounted to \$770,071 (2021 - \$1,910,572), a decrease of \$1,140,501 as a result of the Company slowing down its exploration work on its Guigui, Batopilas and Medicine Springs properties as the Company analyzed the data received to-date in order to decide how best to proceed with the next stage of exploration work at these properties.

Excluding the share-based payment of \$Nil (2021 - \$65,090) and foreign exchange gain of \$5,150 (2021 - foreign exchange loss of \$96,933), the Company's administrative expenses amounted to \$703,755 (2021 - \$519,974), an increase of \$183,781 mainly due to: (a) marketing and shareholders communication of \$322,455 (2021 - \$202,326) as the Company has been promoting awareness of the Company's exploration activities.

The other major items for the three months ended June 30, 2022, compared with June 30, 2021, were:

- Fair value gain on marketable securities of \$70,000 (2021 - \$Nil); and
- Write-down of investment of \$Nil (2021 - \$713,596).

During the three months ended June 30, 2022, the Company reported a loss of \$1,418,235 (2021 - \$3,304,889), a decrease of \$1,886,654.

For the six months ended June 30, 2022 compared with the six months ended June 30, 2021:

The Company's exploration expenses amounted to \$1,802,337 (2021 - \$2,601,007), a decrease of \$798,670 as a result of the Company slowing down its exploration work on its Guigui, Batopilas and Medicine Springs properties as the Company analyzed the data received to-date in order to decide how best to proceed with the next stage of exploration work at these properties.

Excluding the share-based payment of \$1,739 (2021 - \$334,604) and foreign exchange loss of \$15,244 (2021 - \$184,222), the Company's administrative expenses amounted to \$1,277,520 (2021 - \$951,863), an increase of \$325,657. The increases are mainly due to: (a) management and director fees of \$359,999 (2021 - \$240,000) where during fiscal 2022, the Company issued 155,843 common shares toward partial annual compensation to five directors and officers of the Company; and (b) marketing and shareholders communication of \$525,806 (2021 - \$343,530) where the Company has been promoting awareness of the Company's exploration activities.

The other major items for the six months ended June 30, 2022, compared with June 30, 2021, were:

- Fair value gain on marketable securities of \$70,000 (2021 - \$Nil); and
- Write-down of investment of \$Nil (2021 - \$713,596).



During the six months ended June 30, 2022, the Company reported a loss of \$3,046,399 (2021 – \$4,779,157), a decrease of \$1,732,758.

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 1,245,824 common shares to its directors, officers and consultants over the next 6 months for consulting and geological consulting services.

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 29, 2022 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 June 30, 2022:

	Issued and outstanding	
	June 30, 2022	August 24, 2022
Common shares outstanding	117,105,950	117,105,950
Options	4,019,900	4,019,900
Warrants	23,656,010	14,593,510
Finder's warrants	2,090,286	1,356,082
Warrants associated with Finder's warrants	903,091	535,989
Fully diluted common shares outstanding	147,775,237	137,611,431

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



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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.