



REYNA SILVER

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

**Condensed Consolidated Interim Financial Statements**

**For the three months ended  
March 31, 2023**

**(Unaudited)**

10<sup>th</sup> floor  
595 Howe Street  
Vancouver, British Columbia, Canada V6C 2T5

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

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

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

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

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

	Note	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 7,878,698	\$ 2,024,660
Receivables		26,272	4,439
Prepaid expenses		237,282	356,452
		<u>8,142,252</u>	<u>2,385,551</u>
<b>Non-current</b>			
Equipment	4	63,917	66,399
Exploration and evaluation assets	5	11,911,227	11,562,392
Exploration deposit	6	30,501	30,525
VAT receivables		2,232,534	2,003,986
		<u>14,238,179</u>	<u>13,663,302</u>
		<u>\$ 22,380,431</u>	<u>\$ 16,048,853</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		\$ 669,867	\$ 567,093
Due to related parties	10	26,823	8,835
		<u>696,690</u>	<u>575,928</u>
<b>SHAREHOLDERS' EQUITY</b>			
Common shares	8	41,153,494	34,840,096
Reserves	8	8,590,181	7,417,605
Deficit		(28,059,934)	(26,784,776)
		<u>21,683,741</u>	<u>15,472,925</u>
		<u>\$ 22,380,431</u>	<u>\$ 16,048,853</u>

**Nature of Operations and Going Concern (Note 1)**

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 26, 2023.

They are signed on the Company's behalf by:

***“Alexander Langer”***

\_\_\_\_\_  
Alexander Langer, Director

***“Jorge Ramiro Monroy”***

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

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

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

	Note	For the three months ended March 31	
		2023	2022
Exploration expenses	5	\$ 638,105	\$ 1,032,266
		<u>638,105</u>	<u>1,032,266</u>
Administrative expenses			
Accounting and audit		27,630	31,319
Bank charges		2,133	2,247
Consulting		70,831	35,935
Legal		96,101	11,344
Management and director fees	10	120,000	239,999
Marketing and shareholders communication		207,831	203,351
Office		34,181	32,312
Property investigation expenses		37,602	-
Share-based compensation	8(d)	-	1,739
Transfer agent, listing and filing fees		40,439	17,258
Foreign exchange loss		305	20,394
		<u>637,053</u>	<u>595,898</u>
Net loss		<u>1,275,158</u>	<u>1,628,164</u>
Other comprehensive (income)			
Cumulative translation adjustment		<u>(302,839)</u>	<u>(26,400)</u>
Total comprehensive loss for the period		<u>\$ 972,319</u>	<u>\$ 1,601,764</u>
Basic and diluted loss per share		<u>\$ 0.01</u>	<u>\$ 0.02</u>
Weighted average number of common shares outstanding		<u>135,940,016</u>	<u>101,940,308</u>

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

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

	Note	Common Shares		Reserves				Total	Deficit	Total shareholders' equity
		Number of shares	Amount	Equity-settled employee benefits	Finder's warrants	Warrants	Foreign exchange reserve			
<b>Balance as at December 31, 2021</b>	<b>(Audited)</b>	101,513,218	\$ 27,686,298	\$ 2,373,928	\$ 858,195	\$ 3,495,459	\$ (17,981)	\$ 6,709,601	\$ (18,215,630)	\$ 16,180,269
Shares issued:										
In lieu of services rendered	8(b)	155,843	119,999	-	-	-	-	-	-	119,999
Warrants issued for property acquisition	8(e)	-	-	-	-	328,400	-	328,400	-	328,400
Exercise of warrants	8(e)	365,000	164,250	-	-	-	-	-	-	164,250
Share-based compensation	8(d)	-	-	1,739	-	-	-	1,739	-	1,739
Net loss and comprehensive loss		-	-	-	-	-	26,400	26,400	(1,628,164)	(1,601,764)
<b>Balance as at March 31, 2022</b>	<b>(Unaudited)</b>	102,034,061	27,970,547	2,375,667	858,195	3,823,859	8,419	7,066,140	(19,843,794)	15,192,893
Shares issued:										
Private placements	8(b)	13,888,889	5,000,000	-	-	-	-	-	-	5,000,000
Share issue costs	8(b)	-	(678,051)	-	123,592	-	-	123,592	-	(554,459)
For property acquisition	8(b)	6,550,000	2,189,250	-	-	-	-	-	-	2,189,250
Exercise of options	8(d)	375,000	107,250	(32,250)	-	-	-	(32,250)	-	75,000
Exercise of warrants	8(e)	558,000	251,100	-	-	-	-	-	-	251,100
Net loss and comprehensive loss		-	-	-	-	-	260,123	260,123	(6,940,982)	(6,680,859)
<b>Balance as at December 31, 2022</b>	<b>(Audited)</b>	123,405,950	34,840,096	2,343,417	981,787	3,823,859	268,542	7,417,605	(26,784,776)	15,472,925
Shares issued:										
Private placements	8(b)	26,705,720	7,344,073	-	-	667,643	-	667,643	-	8,011,716
Share issue costs	8(b)	-	(1,030,675)	-	202,094	-	-	202,094	-	(828,581)
Net loss and comprehensive loss		-	-	-	-	-	302,839	302,839	(1,275,158)	(972,319)
<b>Balance as at March 31, 2023</b>	<b>(Unaudited)</b>	150,111,670	\$ 41,153,494	\$ 2,343,417	\$ 1,183,881	\$ 4,491,502	\$ 571,381	\$ 8,590,181	\$ (28,059,934)	\$ 21,683,741

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

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

		<b>For the three months ended March 31</b>	
	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Cash provided by (used for):</b>			
<b>Operating activities</b>			
Net loss		\$ (1,275,158)	\$ (1,628,164)
Items not involving cash:			
Depreciation expense included in exploration expenses	4	2,427	-
Management and director fees paid in common shares	10	-	119,999
Share-based compensation	8(d)	-	1,739
Foreign exchange loss		15,198	10,641
Changes in non-cash working capital items:			
Receivables		(21,833)	9,613
Prepaid expenses		119,100	(15,303)
VAT receivables		(68,494)	(174,996)
Trade and other payables		19,525	(120,324)
Due to related parties		17,988	-
Cash (used in) operating activities		(1,191,247)	(1,796,795)
<b>Investing activities</b>			
Exploration and evaluation assets		(309,546)	(97,161)
Cash (used in) investing activities		(309,546)	(97,161)
<b>Financing activities</b>			
Net proceeds from issuance of common shares	8	7,354,831	164,250
Cash provided by financing activities		7,354,831	164,250
<b>Net change in cash and cash equivalents</b>		5,854,038	(1,729,706)
<b>Cash and cash equivalents - beginning of the period</b>		2,024,660	7,701,491
<b>Cash and cash equivalents - end of the period</b>		\$ 7,878,698	\$ 5,971,785
<b>Supplemental disclosure with respect to cash flows:</b>			
Common shares issuance pursuant to management and director fees		\$ -	\$ 119,999
Finder's warrants issuance pursuant to share issue costs		202,094	-
Warrants issuance pursuant to property acquisition		-	328,400
Change in accounts payable related to exploration and evaluation assets for the period		(101,580)	(31,830)
Change in accounts payable related to share issue costs for the period		171,696	-

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

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2023

(Unaudited)

(Expressed in Canadian dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Reyna Silver Corp. (the “Company” or “Reyna Silver”) registered its incorporation on August 24, 2017 in the province of British Columbia, Canada. The Company changed its name from “Trudeau Gold Inc.” to “Century Metals Inc.” on April 30, 2018 and began trading on TSX Venture Exchange (the “Exchange”) on June 17, 2019. Its registered address is at 10<sup>th</sup> floor, 595 Howe Street, Vancouver, BC V6C 2T5.

Reyna Silver Mining Inc. (“Reyna”) was incorporated under the Business Corporations Act (British Columbia) on June 19, 2018 and its principal business activity is the acquisition and exploration of mineral properties. Its registered and head office is 10<sup>th</sup> floor, 595 Howe Street, Vancouver, BC V6C 2T5.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, and to commence profitable operations in the future. To date, the Company has not generated any significant revenues and is considered to be in the exploration stage.

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

	March 31, 2023	December 31, 2022
Deficit	\$ (28,059,934)	\$ (26,784,776)
Working capital	\$ 7,445,562	\$ 1,809,623

### 2. BASIS OF PRESENTATION

#### (a) Statement of compliance

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

#### (b) Basis of preparation

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



## **REYNA SILVER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2023

(Unaudited)

(Expressed in Canadian dollars)

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### **2. BASIS OF PRESENTATION, (Continued)**

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

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

### **3. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended December 31, 2022.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2022. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three-month period ended March 31, 2023 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2023.

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

There were no new accounting standards and interpretations which has material impact on adoption during the three months ended March 31, 2023.

Pronouncements that are not applicable or that do not have a significant impact on the Company have not been included in these condensed consolidated interim financial statements.

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited)

(Expressed in Canadian dollars)

### 4. EQUIPMENT

	Field equipment	
<b>Cost</b>		
Balance, December 31, 2021	\$	-
Additions		68,019
Balance, December 31, 2022	\$	68,019
Exchange adjustment		(55)
Balance, March 31, 2023	\$	67,964
<b>Accumulated depreciation</b>		
Balance, December 31, 2021	\$	-
Depreciation		1,556
Exchange adjustment		64
Balance, December 31, 2022	\$	1,620
Depreciation		2,427
Balance, March 31, 2023	\$	4,047
<b>Carrying amounts</b>		
As at December 31, 2022	\$	66,399
As at March 31, 2023	\$	63,917

During the three months ended March 31, 2023, the Company included depreciation of \$2,427 (2022 - \$Nil) in exploration expenses in the statement of comprehensive loss (Note 5).

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

#### MEXICO

##### (a) Batopilas Property

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

Pursuant to the Agreement, the Company acquired the Guigui Property and the Batopilas Property by paying US\$8,500 (\$11,036) to MAG Silver and issuing 14,556,706 common shares with each common share valued at \$0.20 for a total value of \$2,911,341. These 14,556,706 common shares were subject to a voluntary pooling arrangement in accordance with the Agreement (Note 9c).

The Batopilas property is subject to a 4.5% net smelter royalty ("NSR") payable to the underlying owner with a right of first refusal.

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2023

(Unaudited)

(Expressed in Canadian dollars)

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

#### MEXICO, (Continued)

##### (b) Guigui Property

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

The Company entered into two agreements to acquire an 80% interest in the La Chinche Property (which is contiguous to the Guigui Property and together formed part of the Guigui Property).

On July 1, 2020, the Company entered into a mineral property option agreement with United Minerals Pty Limited and Minerale 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)
July 1, 2022	250,000 (issued)	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 (met);
- (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 (paid in 2022) (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.

On July 14, 2022, the Company acquired an 80% interest in the La Chinche property.

The Guigui property is subject to a 2.5% NSR payable to the underlying owner with a right of first refusal.

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2023

(Unaudited)

(Expressed in Canadian dollars)

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

#### MEXICO, (Continued)

##### (c) 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);
- (v) US\$120,000 - 24 months from signing; (the option agreement is not up to date as the Company did not make this option payment. The Company is currently negotiating with the owner to either amend the option agreement or enter into a new option agreement.)
- (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%.

##### (d) Matilde Property

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

##### (e) El Durazno Property

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

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

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

## REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2023

(Unaudited)

(Expressed in Canadian dollars)

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

#### UNITED STATES

##### (f) Medicine Springs Property (Nevada)

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

- (i) To acquire the 75% interest in the Medicine Springs Property, the Company must assume and satisfy certain of Northern Lights' obligations under the underlying option agreement as to payment of US\$875,000 of cash consideration and incurring of at least US\$2,439,065 of expenditures on the property (collectively the "Option Price"), on or before December 31, 2023, of which US\$689,065 of these expenditures must be incurred by December 31, 2022. (As of December 31, 2022, \$128,450 (US\$100,000) cash consideration was paid.) (The Acquisition Agreement eliminated this obligation – see below.)
- (ii) Northern Lights further grants to the Company the option to acquire an additional 5% interest in the property for US\$1,000,000 (The Acquisition Agreement eliminated this obligation – see below.)

NSR ranging from 0.5% to 2% are payable to the underlying owners of certain claims. (The Acquisition Agreement eliminated this obligation – see below.)

During the year ended December 31, 2022, the finder for this property agreed to waive certain finder's fee, resulting in a reduction of \$31,830 to the property acquisition costs.

On December 14, 2022, the Company entered into an Acquisition Agreement with Northern Lights to acquire a 100% interest in the Medicine Springs Property. Pursuant to the Acquisition Agreement, Northern Lights agreed to sell its option to the Company in consideration for the Company:

- (i) Assuming all of Northern Lights' obligations under the underlying option agreement with the property owner;
- (ii) Paying Northern Lights US\$100,000 in cash (paid US\$25,000; subsequently paid US\$75,000);
- (iii) Issuing 6,000,000 common shares of the Company to Northern Lights (the "Consideration Shares") (issued); and
- (iv) Granting Northern Lights 1.0% Net Smelter Returns royalty ("NSR") on mining production received by the Company on the Medicine Springs Property (the "NLR Royalty").

The Acquisition Agreement provides the Company at any time the option to buy back one-half of the NLR Royalty by paying Northern Lights \$2,500,000.

The Consideration Shares will be subject to contractual resale restrictions over a 24-month period with an initial 6-month lock up and release 25% every 6 months after that.

In connection with the Acquisition Agreement, the Company will pay a finder's fee of 300,000 common shares (issued) and \$5,000 in cash (paid).

On March 30, 2023, the Company amended the terms of option agreement previously between the optionors and Northern Lights.

**REYNA SILVER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2023

(Unaudited)

(Expressed in Canadian dollars)

**5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)****UNITED STATES, (Continued)****(f) Medicine Springs Property (Nevada)**

The Amendment amends these obligations as follows:

	Option Agreement	Amendment
Cash Consideration (\$)	<ol style="list-style-type: none"> <li>1. US\$25,000 within 30 days of approval by the Canadian Stock Exchange</li> <li>2. US\$50,000 on or before December 31, 2020</li> <li>3. US\$100,000 on or before December 31, 2021</li> <li>4. US\$150,000 within 30 days of Phase 4 start date</li> <li>5. US\$200,000 within 30 days of Phase 5 start date</li> <li>6. US\$425,000 within 30 days of Phase 6 start date</li> <li>7. US\$150,000 (in lieu of equity consideration) on or before December 31, 2023</li> </ol>	<ol style="list-style-type: none"> <li>1. US\$150,000 mandatory cash payment within 3 days of execution of Amendment (paid on February 28, 2023)</li> <li>2. US\$200,000 mandatory cash payment on or before September 15, 2023</li> <li>3. US\$400,000 on or before February 1, 2024</li> <li>4. US\$125,000 on or before February 1, 2025</li> </ol>
Equity Consideration (\$)	<ol style="list-style-type: none"> <li>1. US\$50,000 within Phase 2 period</li> <li>2. US\$50,000 on or before December 31, 2021</li> </ol>	<ol style="list-style-type: none"> <li>1. US\$100,000 on or before February 1, 2024 (the "Consideration Shares")</li> </ol>
Minimum Work Commitment on Property (\$)	<ol style="list-style-type: none"> <li>1. US\$950,000 on or before December 31, 2022</li> <li>2. US\$500,000 within 12 months of Phase 4 start date</li> <li>3. US\$500,000 within 12 months of Phase 5 start date</li> <li>4. US\$750,000 on or before December 31, 2023</li> </ol>	<ol style="list-style-type: none"> <li>1. Make such additional expenditures on the development of the Property such that the total aggregate expenditures on the Property is not less than US\$2,700,000 on or before December 31, 2023</li> </ol>
Mineral Claim Fees	<ol style="list-style-type: none"> <li>1. US\$24,800 on execution of Option Agreement</li> <li>2. US\$25,503 on or before August 1, 2020</li> </ol>	<ol style="list-style-type: none"> <li>1. Such amount as is required to maintain the mineral claims included in the Property in good standing on or before July 15, 2023</li> </ol>

## **REYNA SILVER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

As at March 31, 2023

(Unaudited)

(Expressed in Canadian dollars)

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

#### **CANADA**

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

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

On March 8, 2021, the Company sold its Trudeau Gold property to Beyond Minerals Ltd. ("Beyond Minerals"). The sale price received by the Company was 1,000,000 shares of Beyond Minerals and a 1.0% NSR (see note 7).

# REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

As at March 31, 2023

(Unaudited)

(Expressed in Canadian dollars)

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

	Mexico				Canada Trudeau	USA Medicine Springs	Total
	Batopilas	Guigui	La Reyna	Others			
<b>Exploration and evaluation assets</b>							
<b>Acquisition costs</b>							
<b>As of January 1, 2022</b>	\$ 597,262	\$ 6,392,511	\$ 192,168	\$ 17,077	\$ -	\$ 162,281	\$ 7,361,299
Addition during the year	-	1,849,762	107,546	-	-	2,220,882	4,178,190
Foreign currency translation	-	-	22,903	-	-	-	22,903
<b>As of December 31, 2022</b>	<b>\$ 597,262</b>	<b>\$ 8,242,273</b>	<b>\$ 322,617</b>	<b>\$ 17,077</b>	<b>\$ -</b>	<b>\$ 2,383,163</b>	<b>\$ 11,562,392</b>
<b>Mineral exploration expenses for the year ended December 31, 2022</b>							
Consulting and reporting	\$ 5,931	\$ 7,249	\$ -	\$ -	\$ -	\$ -	\$ 13,180
Mineral taxes	28,591	117,425	7,414	-	-	131,990	285,420
Depreciation	-	-	-	-	-	1,556	1,556
Drilling	299,068	368,033	284	-	-	1,936,421	2,603,806
Geochemistry	29,012	35,459	-	-	-	25,711	90,182
Geology and exploration	661,888	781,361	22,084	-	-	171,021	1,636,354
Geophysics	132,146	177,278	-	-	-	23,642	333,066
Other property related expenses	31,261	54,683	-	-	-	229,793	315,737
Permitting	-	-	-	-	-	23,814	23,814
Reclamation	2,109	2,578	-	-	-	-	4,687
Surface access	51,768	126,185	-	-	-	-	177,953
Trenching	-	-	-	-	-	249,770	249,770
	<b>\$ 1,241,774</b>	<b>\$ 1,670,251</b>	<b>\$ 29,782</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,793,718</b>	<b>\$ 5,735,525</b>
<b>Cumulative mineral exploration expenses up to December 31, 2022</b>							
Consulting and reporting	\$ 19,872	\$ 297,137	\$ -	\$ -	\$ 4,500	\$ -	\$ 321,509
Claim staking	-	-	-	-	-	46,282	46,282
Mineral taxes	125,827	524,289	60,637	-	-	437,353	1,148,106
Depreciation	-	-	-	-	-	1,556	1,556
Drilling	848,110	1,868,682	284	-	-	1,936,421	4,653,497
Geochemistry	29,012	35,459	-	-	-	25,711	90,182
Geology and exploration	1,682,862	4,636,275	95,075	-	-	351,992	6,766,204
Geophysics	145,064	227,106	-	-	-	23,642	395,812
Other property related expenses	212,985	810,049	-	-	-	285,240	1,308,274
Permitting	-	-	-	-	-	29,031	29,031
Reclamation	2,109	2,578	-	-	-	-	4,687
Surface access	51,768	126,185	-	-	-	-	177,953
Trenching	-	-	-	-	-	249,770	249,770
Reimbursements from optionee	-	-	-	(20,000)	-	-	(20,000)
	<b>\$ 3,117,609</b>	<b>\$ 8,527,760</b>	<b>\$ 155,996</b>	<b>\$ (20,000)</b>	<b>\$ 4,500</b>	<b>\$ 3,386,998</b>	<b>\$ 15,172,863</b>



## REYNA SILVER CORP.

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

	Mexico				Canada	USA	Total
	Batopilas	Guigui	La Reyna	Others	Trudeau	Medicine Springs	
<b>Exploration and evaluation assets</b>							
<b>Acquisition costs</b>							
<b>As of January 1, 2023</b>	\$ 597,262	\$ 8,242,273	\$ 322,617	\$ 17,077	\$ -	\$ 2,383,163	\$ 11,562,392
Addition during the period	-	-	-	-	-	207,967	207,967
Foreign currency translation	-	115,218	25,766	-	-	(116)	140,868
<b>As of March 31, 2023</b>	\$ 597,262	\$ 8,357,491	\$ 348,383	\$ 17,077	\$ -	\$ 2,591,014	\$ 11,911,227
<b>Mineral exploration expenses for the period ended March 31, 2023</b>							
Claim staking	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,074	\$ 4,074
Mineral taxes	17,271	70,933	-	-	-	87,317	175,521
Depreciation	-	-	-	-	-	2,427	2,427
Drilling	10,132	19,216	-	-	-	11,895	41,243
Geochemistry	-	31,000	-	-	-	1,587	32,587
Geology and exploration	60,941	101,041	-	-	-	44,704	206,686
Geophysics	3,398	6,445	-	-	-	-	9,843
Other property related expenses	1,970	3,736	-	-	-	76,330	82,036
Permitting	-	-	-	-	-	11,412	11,412
Trenching	-	-	-	-	-	72,276	72,276
	\$ 93,712	\$ 232,371	\$ -	\$ -	\$ -	\$ 312,022	\$ 638,105
<b>Cumulative mineral exploration expenses up to March 31, 2023</b>							
Consulting and reporting	\$ 19,872	\$ 297,137	\$ -	\$ -	\$ 4,500	\$ -	\$ 321,509
Claim staking	-	-	-	-	-	50,356	50,356
Mineral taxes	143,098	595,222	60,637	-	-	524,670	1,323,627
Depreciation	-	-	-	-	-	3,983	3,983
Drilling	858,242	1,887,898	284	-	-	1,948,316	4,694,740
Geochemistry	29,012	66,459	-	-	-	27,298	122,769
Geology and exploration	1,743,803	4,737,316	95,075	-	-	396,696	6,972,890
Geophysics	148,462	233,551	-	-	-	23,642	405,655
Other property related expenses	214,955	813,785	-	-	-	361,570	1,390,310
Permitting	-	-	-	-	-	40,443	40,443
Reclamation	2,109	2,578	-	-	-	-	4,687
Surface access	51,768	126,185	-	-	-	-	177,953
Trenching	-	-	-	-	-	322,046	322,046
Reimbursements from optionee	-	-	-	(20,000)	-	-	(20,000)
	\$ 3,211,321	\$ 8,760,131	\$ 155,996	\$ (20,000)	\$ 4,500	\$ 3,699,020	\$ 15,810,968

## REYNA SILVER CORP.

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### 6. DEPOSITS

As of March 31, 2023, the Company has a US\$22,538 (\$30,501) reclamation bond with Bureau of Land Management for the Medicine Springs property (December 31, 2022 – US\$22,538 (\$30,525)).

### 7. MARKETABLE SECURITIES

In 2021, the Company sold its Trudeau Gold property to Beyond Minerals for 1,000,000 shares of Beyond Minerals and a 1.0% NSR (see note 5(g)). On April 13, 2022, Beyond Minerals began trading on the Canadian Securities Exchange. The shares were measured and presented at fair value using the observable market share price as at the date of the statements of financial position. The gain or loss as a result of the re-measurement is recorded through profit and loss ("FVTPL").

On November 14, 2022, 1,000,000 common shares of Beyond Minerals were sold at the price of \$0.15 per share for a total purchase price of \$150,000.

### 8. SHARE CAPITAL

#### a. Authorized

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

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

#### b. Common share issuance

During the year ended December 31, 2022:

- (i) The Company issued 155,843 common shares with a fair value of \$119,999 to its directors and officers for consulting services.
- (ii) 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. The value of the compensation options was determined to be \$91,687 and the value of the finder's warrants was determined to be \$31,905 calculated using the Black-Scholes option pricing model. Another \$228,007 was also included as share issue costs.

- (iii) 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 (see note 5(b)).
- (iv) On December 22, 2022, the Company issued 6,000,000 common shares with a fair value of \$2,010,000 to Northern Lights pursuant to the Definitive Agreement and 300,000 common shares with a fair value of \$100,500 as finder's fee (see note 5(f)).

## REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

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### 8. SHARE CAPITAL, (Continued)

#### b. Common share issuance, (Continued)

During the year ended December 31, 2022: (Continued)

- (v) During the year, 375,000 options and 923,000 warrants were exercised at \$0.20 and \$0.45 respectively, resulting in gross proceeds of \$490,350.

During the three months ended March 31, 2023:

- (i) On February 13, 2023, the Company completed the first tranche of a non-brokered private placement by issuing 16,666,000 units ("Unit") at a price of \$0.30 per Unit for gross proceeds of \$4,999,800 and on February 23, 2023, the Company completed the second tranche of a non-brokered private placement by issuing 10,039,720 units ("Unit") at a price of \$0.30 per Unit for gross proceeds of \$3,011,916. Each Unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.40 until February 13, 2026 for the first tranche and until February 23, 2026 for the second tranche. Under the residual value approach, \$667,643 was assigned to the warrant component of the Units.

In connection with the private placement, the Company paid a total of \$527,833 cash finder's fee, issued 1,166,620 compensation warrants, each of which is exercisable into one Unit at a price of \$0.30 until February 13, 2025 and issued 686,572 compensation warrants, each of which is exercisable into one Unit at a price of \$0.30 until February 23, 2025. Each Unit consists of one common share and one common share purchase warrant. Each warrant will then entitle the holder to purchase one additional common share at a price of \$0.40 until February 13, 2026 for the first tranche and until February 23, 2026 for the second tranche. The value of the compensation warrants was determined to be \$202,094 calculated using the Black-Scholes option pricing model. Another \$300,748 was also included as share issue costs.

#### c. Escrowed shares

2,968,212 common shares were placed in escrow in accordance with the escrow agreement dated April 3, 2019, where 10% of the escrowed common shares were released on June 10, 2019 and 15% every six months thereafter. The final 445,232 escrow shares were released on June 10, 2022.

12,076,501 common shares were placed in escrow in accordance with the escrow agreement dated June 3, 2020, where 10% of the escrowed common shares were released on June 4, 2020 and 15% every six months thereafter. As at March 31, 2023, 1,811,476 common shares were held in escrow.

**REYNA SILVER CORP.**

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**8. SHARE CAPITAL, (Continued)****d. Stock options**

Stock option transactions and the number of stock options, including the compensation options and advisor options, for the three months ended March 31, 2023 are summarized as follows:

Expiry date	Exercise price	December 31, 2022	Granted	Exercised	Expired / Cancelled	March 31, 2023	
March 30, 2024	\$ 1.00	130,000	-	-	-	130,000	
October 13, 2025	\$ 1.13	1,600,000	-	-	-	1,600,000	
January 12, 2026	\$ 1.03	497,400	-	-	-	497,400	
December 16, 2026	\$ 0.71	1,600,000	-	-	-	1,600,000	
September 13, 2029	\$ 0.57	187,500	-	-	-	187,500	
Options outstanding		4,014,900	-	-	-	4,014,900	
Options exercisable		4,014,900	-	-	-	4,014,900	
Weighted average exercise price	\$	0.92	\$	-	\$	-	\$ 0.92

Stock option transactions and the number of stock options, including the compensation options and advisor options, for the year ended December 31, 2022 are summarized as follows:

Expiry date	Exercise price	December 31, 2021	Granted	Exercised	Expired / Cancelled	December 31, 2022	
June 3, 2022	\$ 0.20	375,000	-	(375,000)	-	-	
June 3, 2022	\$ 0.45	89,685	-	-	(89,685)	-	
March 30, 2024	\$ 1.00	130,000	-	-	-	130,000	
October 13, 2025	\$ 1.13	1,600,000	-	-	-	1,600,000	
January 12, 2026	\$ 1.03	502,400	-	-	(5,000)	497,400	
December 16, 2026	\$ 0.71	1,600,000	-	-	-	1,600,000	
September 13, 2029	\$ 0.57	187,500	-	-	-	187,500	
Options outstanding		4,484,585	-	(375,000)	(94,685)	4,014,900	
Options exercisable		4,409,585	-	-	-	4,014,900	
Weighted average exercise price	\$	0.85	\$	-	\$ 0.20	\$ 0.48	\$ 0.92

As at March 31, 2023, the weighted average contractual remaining life of options is 3.17 years (December 31, 2022 – 3.42 years). The weighted average fair value of stock options granted during the three months ended March 31, 2023 was \$Nil (March 31, 2022 - \$Nil).

The weighted average assumptions used to estimate the fair value of options for the three months ended March 31, 2023 and 2022 were as follows:

	2023	2022
Expected dividend yield	n/a	n/a
Expected stock price volatility	n/a	n/a
Risk-free interest rate	n/a	n/a
Forfeiture rate	n/a	n/a
Expected life of options	n/a	n/a

**REYNA SILVER CORP.**

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**8. SHARE CAPITAL, (Continued)****e. Warrants**

The continuity of warrants for the three months ended March 31, 2023 is as follows:

Expiry date	Exercise price	December 31, 2022	Issued	Exercised	Expired	March 31, 2023
January 1, 2023 (a)	\$ 1.25	4,000,000	-	-	(4,000,000)	-
June 22, 2023	\$ 1.25	3,649,067	-	-	-	3,649,067
June 24, 2024	\$ 0.50	6,944,443	-	-	-	6,944,443
February 13, 2026	\$ 0.40	-	16,666,000	-	-	16,666,000
February 23, 2026	\$ 0.40	-	10,039,720	-	-	10,039,720
Warrants outstanding		14,593,510	26,705,720	-	(4,000,000)	37,299,230
Weighted average exercise price	\$	0.89	\$ 0.40	\$ -	\$ 1.25	\$ 0.50

The continuity of warrants for the year ended December 31, 2022 is as follows:

Expiry date	Exercise price	December 31, 2021	Issued	Exercised	Expired	December 31, 2022
June 3, 2022	\$ 0.45	9,931,753	-	(923,000)	(9,008,753)	-
January 1, 2022 (a)	\$ 0.75	2,755,000	-	-	(2,755,000)	-
July 1, 2022 (a)	\$ 1.00	3,500,000	-	-	(3,500,000)	-
August 19, 2022	\$ 0.90	5,562,500	-	-	(5,562,500)	-
June 22, 2023	\$ 1.25	3,649,067	-	-	-	3,649,067
January 1, 2023 (a)	\$ 1.25	-	4,000,000	-	-	4,000,000
June 24, 2024	\$ 0.50	-	6,944,443	-	-	6,944,443
Warrants outstanding		25,398,320	10,944,443	(923,000)	(20,826,253)	14,593,510
Weighted average exercise price	\$	0.77	\$ 0.77	\$ 0.45	\$ 0.70	\$ 0.89

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

As at March 31, 2023, the weighted average contractual remaining life of warrants is 2.32 years (December 31, 2022 – 0.82 years).

The assumptions used to estimate the fair value of warrants issued pursuant to the mineral property option agreement for the three months ended March 31, 2023 and 2022 was as follows:

	2023	2022
Expected dividend yield	n/a	0.00%
Expected stock price volatility	n/a	67.24%
Risk-free interest rate	n/a	0.46%
Forfeiture rate	n/a	0.00%
Expected life of warrants	n/a	1 year

**REYNA SILVER CORP.**

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**8. SHARE CAPITAL, (Continued)****f. Finder's Warrants**

The continuity of finder's warrants for the three months ended March 31, 2023 is as follows:

Expiry date		Exercise price	December 31, 2022	Issued	Exercised	Expired	March 31, 2023
June 22, 2023	(a)	\$ 0.83	446,978	-	-	-	446,978
June 24, 2024	(b)	\$ 0.36	624,999	-	-	-	624,999
June 24, 2024		\$ 0.50	284,105	-	-	-	284,105
February 13, 2025	(c)	\$ 0.30	-	1,166,620	-	-	1,166,620
February 23, 2025	(c)	\$ 0.30	-	686,572	-	-	686,572
Finders warrants outstanding			1,356,082	1,853,192	-	-	3,209,274
Weighted average exercise price			\$ 0.54	\$ 0.30	\$ -	\$ -	\$ 0.40

The continuity of finder's warrants for the year ended December 31, 2022 is as follows:

Expiry date		Exercise price	December 31, 2021	Issued	Exercised	Expired	December 31, 2022
June 3, 2022		\$ 0.45	854,145	-	-	(854,145)	-
August 19, 2022		\$ 0.62	734,204	-	-	(734,204)	-
June 22, 2023	(a)	\$ 0.83	446,978	-	-	-	446,978
June 24, 2024	(b)	\$ 0.36	-	624,999	-	-	624,999
June 24, 2024		\$ 0.50	-	284,105	-	-	284,105
Finders warrants outstanding			2,035,327	909,104	-	(1,588,349)	1,356,082
Weighted average exercise price			\$ 0.59	\$ 0.40	\$ -	\$ 0.53	\$ 0.54

- (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 \$1.25 for a period of 2 years.
- (b) Each compensation warrant is exercised into one common share and one-half of a warrant, where each full warrant is then exercisable into one common share at \$0.50 for a period of 2 years.
- (c) Each compensation warrant is exercised into one common share and one warrant, where each full warrant is then exercisable into one common share at \$0.40 for a period of 3 years.

As at March 31, 2023, the weighted average contractual remaining life of finder's warrants is 1.47 years (December 31, 2022 – 1.15 years).

The weighted average assumptions used to estimate the fair value of finder's warrants for the three months ended March 31, 2023 and 2022 were as follows:

	2023	2022
Expected dividend yield	0.00%	n/a
Expected stock price volatility	73.53% - 74.01%	n/a
Risk-free interest rate	3.99% - 4.09%	n/a
Forfeiture rate	0.00%	n/a
Expected life of options	2 years	n/a

## REYNA SILVER CORP.

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### 9. LOSS PER SHARE

#### Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2023 was based on the loss attributable to common shareholders of \$1,275,158 (three months ended March 31, 2022 – \$1,628,164) and a weighted average number of common shares outstanding of 135,940,016 (three months ended March 31, 2022 – 101,940,308).

Diluted loss per share did not include the effect of 37,299,230 warrants, 4,014,900 stock options and advisor options and 3,209,274 finders' warrants (March 31, 2022 – 26,278,320 warrants, 4,484,585 stock options and advisor options and 2,035,327 finders' warrants) since they were anti-dilutive.

### 10. RELATED PARTY TRANSACTIONS

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

For the three months ended March 31, 2023

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

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**10. RELATED PARTY TRANSACTIONS, (Continued)**

For the three months ended March 31, 2022

	Cash payments	Shares issued	Share-based payments	Total
Jorge Ramiro Monroy <sup>(1)</sup> Chief Executive Officer, Director	\$ 75,000	\$ 10,500	\$ -	\$ 85,500
Michael Wood <sup>(2)</sup> Chief Financial Officer, Director	\$ 30,000	\$ 10,499	\$ -	\$ 40,499
Peter Jones <sup>(3)</sup> Director	\$ 6,250	\$ 33,000	\$ -	\$ 39,250
Alex Langer <sup>(4)</sup> Director	\$ 5,000	\$ 33,000	\$ -	\$ 38,000
Evaristo Trevino <sup>(5)</sup> Director	\$ 3,750	\$ 33,000	\$ -	\$ 36,750
<b>TOTAL:</b>	<b>\$ 120,000</b>	<b>\$ 119,999</b>	<b>\$ -</b>	<b>\$ 239,999</b>

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

Related party transactions and balances:

Amounts in due to related parties:	Services for:	For the		As at	As at
		three months ended March 31	three months ended March 31	March 31,	December 31,
		2023	2022	2023	2022
Emerging Capital Markets <sup>(1)</sup>	Management fee and reimbursements	\$ 86,069 <sup>(5)</sup>	\$ 75,000	\$ 26,823	\$ 8,835
Athena Jade Limited <sup>(2)</sup>	Management fee	30,000	30,000	-	-
Andros Capital Corp. <sup>(3)</sup>	Management fee and consulting fee	5,000	5,000	-	-
Cassiar Gold Corp. <sup>(4)</sup>	Rent	4,563	-	-	-
<b>Total</b>		<b>\$ 125,632</b>	<b>\$ 110,000</b>	<b>\$ 26,823</b>	<b>\$ 8,835</b>

(1) Jorge Ramiro Monroy is the managing director of this private company.

(2) Michael Wood is the sole director of this private company.

(3) Alex Langer is the owner of this private company.

(4) Michael Wood is a director of this company.

(5) Included in this amount is \$11,069 related to expense reimbursements.



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### 11. COMMITMENTS

- a. The Company is committed to issue a total of 1,245,824 common shares to its directors, officers and consultants for consulting and geological consulting services.
- b. On December 16, 2022, the Company entered into a Collaborative Research Agreement with the University of British Columbia pursuant to which the Company is required to make the payments as follows:
  - \$31,000 on the Effective date of the agreement (paid);
  - \$31,000 on the first anniversary of the Effective date; and
  - \$31,000 on the second anniversary of the Effective date.

### 12. FINANCIAL INSTRUMENTS

The fair value of the Company's cash and cash equivalents, receivables (excluding sales tax), marketable securities, exploration deposit, trade and other payables and due to related parties approximate their carrying values.

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

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

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

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

The Company's marketable securities are measured at level 1 fair value.

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

#### (a) Credit risk

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

#### (b) Liquidity risk

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

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(Unaudited)

(Expressed in Canadian dollars)

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### 12. FINANCIAL INSTRUMENTS, (Continued)

#### (b) Liquidity risk, (Continued)

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

#### (c) Liquidity risk

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.

#### (d) 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.

#### (e) Currency risk

The Company's property interests in Mexico and USA make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and the Mexican pesos as well as between the Canadian dollar and the US dollar. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary assets of approximately 29,706,000 Mexican pesos and net monetary liabilities of approximately 248,000 US dollars. A 1% change in the absolute rate of exchange in Mexican pesos and US dollar would affect its net loss by approximately \$7,000.

#### (f) 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.

### 13. CAPITAL MANAGEMENT

The Company manages its cash and cash equivalents, common shares, warrants, finder's warrants and share purchase options as capital (see Note 8). 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.

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### 13. CAPITAL MANAGEMENT, (Continued)

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.

### 14. SEGMENTED FINANCIAL INFORMATION

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

	<b>March 31, 2023</b>		<b>December 31, 2022</b>
Non-current assets			
Mexico	\$ 11,552,747	\$	11,183,215
USA	2,685,432		2,480,087
Canada	-		-
	<b>\$ 14,238,179</b>	<b>\$</b>	<b>13,663,302</b>
		<b>For the</b>	
		<b>three months ended March 31</b>	
		<b>2023</b>	<b>2022</b>
Mineral exploration expenses			
Mexico	\$ 326,083	\$	1,023,322
USA	312,022		8,944
	<b>\$ 638,105</b>	<b>\$</b>	<b>1,032,266</b>