REYNA SILVER

REYNA SILVER CORP.

(An Exploration Stage Company)

Consolidated Financial Statements

December 31, 2022

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595 Howe Street
Vancouver, British Columbia, Canada V6C 2T5

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Reyna Silver Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Reyna Silver Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	**How our audit addressed the key audit matter:**
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
Refer to note 3 – Significant estimates and assumptions, Accounting policy for Exploration and evaluation assets and note 5 Exploration and evaluation assets and mineral exploration expenses Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following: • Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment. • Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit. • Confirmed that the Company's right to explore the

resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment. We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.	properties had not expired. • Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets. • Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
April 14, 2023

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

	Note		December 31, 2022		December 31, 2021
ASSETS					
Current					
Cash and cash equivalents		$	2,024,660	$	7,701,491
Receivables			4,439		15,353
Prepaid expenses			356,452		123,521
			2,385,551		7,840,365
Non-current					
Equipment	4		66,399		-
Exploration and evaluation assets	5		11,562,392		7,361,299
Exploration deposit	6		30,525		-
Investment	5(g), 7		-		100,000
VAT receivables			2,003,986		1,228,846
			13,663,302		8,690,145
		$	16,048,853	$	16,530,510
LIABILITIES					
Current					
Trade and other payables		$	567,093	$	350,241
Due to related parties	11		8,835		-
			575,928		350,241
SHAREHOLDERS' EQUITY					
Common shares	9		34,840,096		27,686,298
Reserves	9		7,417,605		6,709,601
Deficit			(26,784,776)		(18,215,630)
			15,472,925		16,180,269
		$	16,048,853	$	16,530,510

Nature of Operations and Going Concern (Note 1)
Events After the Reporting Period (Note 5, 9 and 17)

These consolidated financial statements are authorized for issue by the Board of Directors on April 14, 2023. They are signed on the Company's behalf by:

"Alexander Langer"	***"Jorge Ramiro Monroy"***
Alexander Langer, Director	Jorge Ramiro Monroy, Director

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

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

	Note	For the years ended December 31 2022	2021
Exploration expenses	5	$ 5,735,525	$ 7,781,181
Reimbursements from optionee	5	-	(20,000)
		5,735,525	7,761,181
Administrative expenses			
Accounting and audit		142,592	115,644
Bank charges		9,673	7,707
Consulting		191,792	280,533
Legal		113,315	63,550
Management and director fees	11	780,999	480,000
Marketing and shareholders communication		1,328,325	885,717
Office		193,382	227,671
Share-based compensation	9(d)	1,739	1,130,707
Transfer agent, listing and filing fees		93,002	109,770
Foreign exchange loss		2,502	87,770
		2,857,321	3,389,069
Other items			
Gain on sale of marketable securities	8	50,000	-
Interest income		-	6,157
Property investigation costs		(26,300)	-
Write-down of investment	7	-	(713,596)
Net loss		8,569,146	11,857,689
Other comprehensive (income) loss			
Cumulative translation adjustment		(286,523)	628
Total comprehensive loss for the year		$ 8,282,623	$ 11,858,317
Basic and diluted loss per share		$ 0.08	$ 0.12
Weighted average number of common shares outstanding		110,112,507	96,421,246

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

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

		Common Shares		Reserves						
	Note	Number of shares	Amount	Equity-settled employee benefits	Finder's warrants	Warrants	Foreign exchange reserve	Total	Deficit	Total shareholders' equity
Balance as at December 31, 2020		90,086,537	$ 19,861,914	$ 1,279,849	$ 684,475	$ 670,500	$ (17,353)	$ 2,617,471	$ (6,357,941)	$ 16,121,444
Shares issued:										
Private placements	9(b)	7,298,134	6,057,451	-	-	-	-	-	-	6,057,451
Share issue costs	9(b)	-	(718,607)	-	176,154	-	-	176,154	-	(542,453)
In lieu of services rendered	9(b)	699,666	699,666	-	-	-	-	-	-	699,666
Warrants issued for property acquisition	9(e)	-	-	-	-	2,998,150	-	2,998,150	-	2,998,150
Exercise of options	9(d)	212,500	83,753	(36,628)	-	-	-	(36,628)	-	47,125
Exercise of finders' warrants	9(f)	57,138	28,146	-	(2,434)	-	-	(2,434)	-	25,712
Exercise of warrants	9(e)	3,159,243	1,673,975	-	-	(173,191)	-	(173,191)	-	1,500,784
Share-based compensation	9(d)	-	-	1,130,707	-	-	-	1,130,707	-	1,130,707
Net loss and comprehensive loss		-	-	-	-	-	(628)	(628)	(11,857,689)	(11,858,317)
Balance as at December 31, 2021		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:										
Private placement	9(b)	13,888,889	5,000,000	-	-	-	-	-	-	5,000,000
Share issue costs	9(b)	-	(678,051)	-	123,592	-	-	123,592	-	(554,459)
In lieu of services rendered	9(b)	155,843	119,999	-	-	-	-	-	-	119,999
For property acquisitions	9(b)	6,550,000	2,189,250	-	-	-	-	-	-	2,189,250
Warrants issued for property acquisition	9(e)	-	-	-	-	328,400	-	328,400	-	328,400
Exercise of options	9(d)	375,000	107,250	(32,250)	-	-	-	(32,250)	-	75,000
Exercise of warrants	9(e)	923,000	415,350	-	-	-	-	-	-	415,350
Share-based compensation	9(d)	-	-	1,739	-	-	-	1,739	-	1,739
Net loss and comprehensive loss		-	-	-	-	-	286,523	286,523	(8,569,146)	(8,282,623)
Balance as at December 31, 2022		**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**

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

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

	Note	For the years ended December 31 2022	2021
Cash provided by (used for):			
Operating activities			
Net loss		$ (8,569,146)	$ (11,857,689)
Items not involving cash:			
Depreciation expense included in exploration expenses		1,556	-
Exploration expenses paid in common shares		-	699,666
Management and director fees paid in common shares	11	119,999	-
Share-based compensation	9(d)	1,739	1,130,707
Write-down of investment	7	-	713,596
Gain on sale of marketable securities		(50,000)	-
Foreign exchange loss		117,513	5,182
Changes in non-cash working capital items:			
Receivables		10,914	65,383
Prepaid expenses		(232,931)	23,823
VAT receivables		(628,617)	(1,085,091)
Trade and other payables		139,978	(98,212)
Due to related parties		8,835	-
Cash (used in) operating activities		(9,080,160)	(10,402,635)
Investing activities			
Purchase of equipment		(68,019)	-
Exploration and evaluation assets		(1,584,018)	(279,371)
Exploration deposit		(30,525)	-
Proceeds from sale of marketable securities		150,000	-
Cash (used in) investing activities		(1,532,562)	(279,371)
Financing activities			
Net proceeds from issuance of common shares	9	4,935,891	7,088,619
Cash provided by financing activities		4,935,891	7,088,619
Net decrease in cash and cash equivalents		(5,676,831)	(3,593,387)
Cash and cash equivalents - beginning of the year		7,701,491	11,294,878
Cash and cash equivalents - end of the year		$ 2,024,660	$ 7,701,491
Supplemental disclosure with respect to cash flows:			
Common shares issuance pursuant to exploration expenses		$ -	$ 699,666
Common shares issuance pursuant to property acquisition		2,189,250	-
Reclassification of reserves pursuant to exercise of advisor's options		32,250	-
Finder's warrants issuance pursuant to share issue costs		123,592	176,154
Warrants issuance pursuant to property acquisition		328,400	2,998,150
Exploration and evaluation assets included in accounts payable		110,353	33,831

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

(Expressed in Canadian dollars)

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 10th 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 2900-595 Burrard Street, Vancouver, BC V7X 1J5.

These consolidated 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.

		December 31, 2022		December 31, 2021
Deficit	$	(26,784,776)	$	(18,215,630)
Working capital	$	1,809,623	$	7,490,124

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance and compliance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated 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

Basis of consolidation

Subsidiary
The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (its "subsidiaries"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company's subsidiaries are:

	% of ownership	Jurisdiction	Principal activity
Reyna Silver Mining Inc.	100%	Canada	Holding company
Reyna Silver, S.A. de C.V.	100%	Mexico	Exploration company
Exploration La Reyna, S.A. de C.V.	100%	Mexico	Exploration company
Silver Medicine LLC	100%	USA	Exploration company

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases.

Inter-company balances and transactions
Inter-company balances and transactions, including unrealised income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Foreign currencies

The functional and presentation currency of the parent company, Reyna Silver Corp., is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rate of the exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company has determined that the functional currency of its subsidiaries in Mexico is the Mexican peso and the functional currency of its subsidiary in US is the US dollar. Exchange differences arising from the translation of the subsidiaries' functional currencies into the Company's presentation currency are taken directly into the foreign exchange reserve.

Subsidiaries

The results and financial position of the Company's subsidiaries that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period;
- Equity is translated using historical rates;
- All resulting exchange differences are recognised in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to the foreign exchange reserve included in Reserves. When a foreign operation is sold, such exchange differences are recognised in the statement of loss as part of the gain or loss on sale.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and guaranteed investment certificates. At December 31, 2022, the Company had $2,024,660 in cash and cash equivalents.

Exploration and evaluation assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or asset acquisition which are recognized as assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the consolidated statement of comprehensive loss.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where they are considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Equipment

Equipment is recorded at cost less accumulated depreciation and impairment losses, if any. Depreciation is recognized as follows:

- Field equipment – 14% straight line

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Impairment of non-financial assets

The carrying amount of the Company's long-lived assets (which include exploration and evaluation assets) is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as a charge in the statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a recovery in the statement of comprehensive loss for the period.

Financial Instruments

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

The Company has assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 as follows:

Financial Assets	**IFRS 9**
Cash and cash equivalents	Amortized cost
Receivables (excluding sales taxes)	Amortized cost
Reclamation deposit	Amortized cost
Marketable securities	Fair value through profit and loss
Financial Liabilities	
Trade and other payables	Amortized cost
Due to related parties	Amortized cost

The classification of financial assets is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Transaction costs with respect to financial instruments classified as fair value through profit or loss are recognized in the consolidated statements of comprehensive income or loss.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Share-based payment transactions

The Company's stock option plan allows the Company's employees and consultants to acquire shares of the Company through the exercise of granted stock options. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when such individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where finders' warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to reserves and as a share issue cost.

When warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Basic loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the years presented and accordingly, basic and diluted losses per share are the same.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Significant estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical judgments

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent, management considered both the funds from financing activities and the currency in which goods and services are paid. The functional currency of its subsidiaries in Mexico is the Mexican peso and the functional currency of its subsidiary in USA is the US dollar. The Company chooses to report in Canadian dollar as the presentation currency;
- The assessment of indications of impairment of each mineral property and related determination of the net realized value and write-down of those properties where applicable;
- The determination of the value of the common shares issued pursuant to the acquisition of the exploration and evaluation assets; and
- The determination that the Company will continue as a going concern for the next year.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Income taxes (Continued)

Deferred income tax: (Continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2022 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- Presentation of financial statements

  An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

4. EQUIPMENT

		Field equipment
Cost		
Balance, December 31, 2021	$	-
Additions		68,019
Balance, December 31, 2022	$	68,019
Accumulated depreciation		
Balance, December 31, 2021	$	-
Depreciation		1,556
Exchange adjustment		64
Balance, December 31, 2022	$	1,620
Carrying amounts		
As at December 31, 2021	$	-
As at December 31, 2022	$	66,399

During the year ended December 31, 2022, the Company included depreciation of $1,556 (2021 - $Nil) in exploration expenses in the statement of comprehensive loss (Note 5).

(Expressed in Canadian dollars)

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.

(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 Minerales Unidos La Chinche S.A. de C.V. ("United Minerals") to acquire 50% interest in the La Chinche property in exchange for 500,000 common shares and 11,500,000 warrants as follows:

Date/Period	Shares	Warrants
Upon receipt of the Exchange approval	250,000 (issued)	1,000,000 warrants exercisable for a period of 12 months at $0.74 (issued)
January 1, 2021	None	3,000,000 warrants exercisable for a period of 12 months at $0.75 (issued)
July 1, 2021	None	3,500,000 warrants exercisable for a period of 12 months at $1.00 (issued)
January 1, 2022	None	4,000,000 warrants exercisable for a period of 12 months at $1.25 (issued)
July 1, 2022	250,000 (issued)	None

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

MEXICO, (Continued)

(b) Guigui Property, (Continued)

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.

(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.

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

MEXICO, (Continued)

(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.

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.

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

UNITED STATES, (Continued)

(f) Medicine Springs Property (Nevada), (Continued)

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 US$5,000 in cash.

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 notes 7 and 8).

(Expressed in Canadian dollars)

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

	Mexico					Canada	USA	
	Batopilas	Guigui	La Chinche	La Reyna	Others	Trudeau	Medicine Springs	Total
Exploration and evaluation assets								
Acquisition costs								
As of January 1, 2021	$ 597,262	$ 2,325,115	$ 1,069,246	$ 42,543	$ 17,077	$ 813,596	$ 33,831	$ 4,898,670
Addition during the period	-	-	2,998,150	149,625	-	-	128,450	3,276,225
Sale of property	-	-	-	-	-	(813,596)	-	(813,596)
As of December 31, 2021	$ 597,262	$ 2,325,115	$ 4,067,396	$ 192,168	$ 17,077	$ -	$ 162,281	$ 7,361,299
Mineral exploration expenses for the year ended December 31, 2021								
Consulting and reporting	$ 7,551	$ 28,985	$ 1,602	$ -	$ -	$ -	$ -	$ 38,138
Mineral taxes	17,630	64,556	8,842	45,744	-	-	214,871	351,643
Drilling	547,718	1,357,818	139,104	-	-	-	-	2,044,640
Geology and exploration	854,197	3,155,418	193,932	64,759	-	-	141,766	4,410,072
Geophysics	12,918	44,111	-	-	-	-	-	57,029
Other property related expenses	163,743	623,187	40,398	-	-	-	47,114	874,442
Permitting	-	-	-	-	-	-	5,217	5,217
Reimbursements from optionee	-	-	-	-	(20,000)	-	-	(20,000)
	$ 1,603,757	$ 5,274,075	$ 383,878	$ 110,503	$ (20,000)	$ -	$ 408,968	$ 7,761,181
Cumulative mineral exploration expenses up to December 31, 2021								
Consulting and reporting	$ 13,941	$ 287,787	$ 2,101	$ -	$ -	$ 4,500	$ -	$ 308,329
Claim staking	-	-	-	-	-	-	46,282	46,282
Mineral taxes	97,236	394,374	12,490	53,223	-	-	305,363	862,686
Drilling	549,042	1,361,442	139,207	-	-	-	-	2,049,691
Geology and exploration	1,020,974	3,648,911	206,003	72,991	-	-	180,971	5,129,850
Geophysics	12,918	49,828	-	-	-	-	-	62,746
Other property related expenses	181,724	713,564	41,802	-	-	-	55,447	992,537
Permitting	-	-	-	-	-	-	5,217	5,217
Reimbursements from optionee	-	-	-	-	(20,000)	-	-	(20,000)
	$ 1,875,835	$ 6,455,906	$ 401,603	$ 126,214	$ (20,000)	$ 4,500	$ 593,280	$ 9,437,338

(Expressed in Canadian dollars)

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

	Mexico				Canada	USA	
	Batopilas	Guigui	La Reyna	Others	Trudeau	Medicine Springs	Total
Exploration and evaluation assets							
Acquisition costs							
As of January 1, 2022	$ 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
As of December 31, 2022	$ 597,262	$ 8,242,273	$ 322,617	$ 17,077	$ -	$ 2,383,163	$ 11,562,392
Mineral exploration expenses for the year ended December 31, 2022							
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
	$ 1,241,774	$ 1,670,251	$ 29,782	$ -	$ -	$ 2,793,718	$ 5,735,525
Cumulative mineral exploration expenses up to December 31, 2022							
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)
	$ 3,117,609	$ 8,527,760	$ 155,996	$ (20,000)	$ 4,500	$ 3,386,998	$ 15,172,863

(Expressed in Canadian dollars)

6. DEPOSITS

As of December 31, 2022, the Company has a US$22,538 ($30,525) reclamation bond with Bureau of Land Management for the Medicine Springs property (December 31, 2021 – $Nil).

7. INVESTMENT

On March 8, 2021, the Company sold its Trudeau Gold property to Beyond Minerals. The sale price received by the Company was 1,000,000 shares of Beyond Minerals and a 1.0% NSR (see note 5(g)). The Trudeau property had been valued at $813,596 on the Company balance sheet following the acquisition of the property via the reverse takeover transaction with Century Metals.

As of December 31, 2021, the Company valued the shares of Beyond Minerals at $100,000, based on the last financing round completed by Beyond Minerals at $0.10 per share. As a result, the Company recorded a write-down of investment in the amount of $713,596 on the statement of loss and comprehensive loss during the year-ended December 31, 2021. On April 13, 2022, Beyond Minerals began trading on the Canadian Securities Exchange and the investment was reclassified as a marketable security (see note 8).

8. MARKETABLE SECURITIES

On April 13, 2022, Beyond Minerals began trading on the Canadian Securities Exchange. The shares are 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.

		December 31, 2022
Net changes in fair value on marketable securities through profit and loss:		
Value at April 13, 2022	$	100,000
Shares proceeds		(150,000)
Realized gain		50,000
Value at December 31, 2022	$	-

9. 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.

9. SHARE CAPITAL, (Continued)

b. Common share issuance

<u>During the year ended December 31, 2021:</u>

(i) On June 22, 2021, the Company completed a non-brokered private placement by issuing 7,298,134 units ("Unit") at a price of $0.83 per Unit for gross proceeds of $6,057,451. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for a 24-month period at a price of $1.25, expiring on June 22, 2023. 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 $371,482 cash finder's fee and issued 446,978 finder's warrants, each of which is exercisable into one Unit at a price of $0.83 for a period of 24 months, expiring on June 22, 2023. The value of the finder's warrants was determined to be $176,154 calculated using the Black-Scholes option pricing model. Another $170,971 was also included as share issue costs.

(ii) The Company issued 699,666 common shares with a fair value of $699,666 to its consultants for geological consulting services.

<u>During the year ended December 31, 2022:</u>

(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)).

(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.

(Expressed in Canadian dollars)

9. SHARE CAPITAL, (Continued)

c. Escrowed shares

2,968,212 common shares were placed in escrow in accordance with the escrow agreement dated April 3, 2019, where 10% of the escrowed common shares were released on June 10, 2019 and 15% every six months thereafter. 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 December 31, 2022, 1,811,476 common shares were held in escrow.

d. Stock options

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 December 31, 2022, the weighted average contractual remaining life of options is 3.42 years (December 31, 2021 – 4.00 years). The weighted average fair value of stock options granted during the year ended December 31, 2022 was $Nil (December 31, 2021 - $0.51).

Stock option transactions and the number of stock options for the year ended December 31, 2021 are summarized as follows:

Expiry date	Exercise price	December 31, 2020	Granted	Exercised	Expired / Cancelled	December 31, 2021
June 3, 2022	$ 0.20	575,000	-	(200,000)	-	375,000
June 3, 2022	$ 0.45	89,685	-	-	-	89,685
September 13, 2029	$ 0.57	200,000	-	(12,500)	-	187,500
October 13, 2025	$ 1.13	1,600,000	-	-	-	1,600,000
March 30, 2024	$ 1.00	-	130,000	-	-	130,000
January 12, 2026	$ 1.03	-	502,400	-	-	502,400
December 16, 2026	$ 0.71	-	1,600,000	-	-	1,600,000
Options outstanding		2,464,685	2,232,400	(212,500)	-	4,484,585
Options exercisable		2,464,685	2,157,400	-	-	4,409,585
Weighted average exercise price		$ 0.84	$ 0.80	$ 0.22	$ -	$ 0.85

(Expressed in Canadian dollars)

9. SHARE CAPITAL, (Continued)

d. Stock options, (Continued)

The weighted average assumptions used to estimate the fair value of options for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Expected dividend yield	n/a	0.00%
Expected stock price volatility	n/a	77.96% - 84.89%
Risk-free interest rate	n/a	1.25% - 1.32%
Forfeiture rate	n/a	0.00%
Expected life of options	n/a	3 years - 5 years

e. Warrants

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)(b)	$ 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)).
(b) Subsequent to December 31, 2022, 4,000,000 warrants expired unexercised.

As at December 31, 2022, the weighted average contractual remaining life of warrants is 0.82 years (December 31, 2021 – 0.58 years).

The continuity of warrants for the year ended December 31, 2021 is as follows:

Expiry date		Exercise price	December 31, 2020	Issued	Exercised	Expired	December 31, 2021
August 17, 2021	(a)	$ 0.74	1,000,000	-	-	(1,000,000)	-
June 3, 2022		$ 0.45	12,833,496	-	(2,901,743)	-	9,931,753
August 19, 2022		$ 0.90	5,575,000	-	(12,500)	-	5,562,500
January 1, 2022	(a)	$ 0.75	-	3,000,000	(245,000)	-	2,755,000
July 1, 2022	(a)	$ 1.00	-	3,500,000	-	-	3,500,000
June 22, 2023		$ 1.25	-	3,649,067	-	-	3,649,067
Warrants outstanding			19,408,496	10,149,067	(3,159,243)	(1,000,000)	25,398,320
Weighted average exercise price			$ 0.59	$ 1.02	$ 0.48	$ 0.74	$ 0.77

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

(Expressed in Canadian dollars)

9. SHARE CAPITAL, (Continued)

e. Warrants, (Continued)

The assumptions used to estimate the fair value of warrants issued pursuance to the mineral property option agreement for the years ended December 31, 2022 and 2021 was as follows:

	2022	2021
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	67.24%	73.96% - 80.63%
Risk-free interest rate	0.46%	0.25% - 0.50%
Forfeiture rate	0.00%	0.00%
Expected life of warrants	1 year	1 year

f. Finder's Warrants

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	(a)	$ 0.62	734,204	-	-	(734,204)	-
June 22, 2023	(b)	$ 0.83	446,978	-	-	-	446,978
June 24, 2024	(c)	$ 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 $0.90 for a period of 2 years.
(b) Each compensation warrant is exercised into one common share and one-half of a warrant, where each full warrant is then exercisable into one common share at $1.25 for a period of 2 years.
(c) 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.

As at to December 31, 2022, the weighted average contractual remaining life of finder's warrants is 1.15 years (December 31, 2021 – 0.73 years).

The continuity of finder's warrants for the year ended December 31, 2021 is as follows:

Expiry date		Exercise price	December 31, 2020	Issued	Exercised	Expired	December 31, 2021
June 3, 2022		$ 0.45	911,283	-	(57,138)	-	854,145
August 19, 2022	(a)	$ 0.62	734,204	-	-	-	734,204
June 22, 2023	(b)	$ 0.83	-	446,978	-	-	446,978
Finders warrants outstanding			1,645,487	446,978	(57,138)	-	2,035,327
Weighted average exercise price			$ 0.53	$ 0.83	$ 0.45	$ -	$ 0.59

(Expressed in Canadian dollars)

9. SHARE CAPITAL, (Continued)

f. Finder's Warrants, (Continued)

(a) Each compensation warrant is exercised into one common share and one-half of a warrant, where each full warrant is then exercisable into one common share at $0.90 for a period of 2 years.
(b) Each compensation warrant is exercised into one common share and one-half of a warrant, where each full warrant is then exercisable into one common share at $1.25 for a period of 2 years.

The weighted average assumptions used to estimate the fair value of finder's warrants for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	74.65%	81.51%
Risk-free interest rate	0.81%	0.72%
Forfeiture rate	0.00%	0.00%
Expected life of options	2 years	2 years

10. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2022 was based on the loss attributable to common shareholders of $8,569,146 (December 31, 2021 – $11,857,689) and a weighted average number of common shares outstanding of 110,112,507 (December 31, 2021 – 96,421,246).

Diluted loss per share did not include the effect of 14,593,510 warrants, 4,014,900 stock options and advisor options and 1,356,082 finders' warrants (December 31, 2021 – 25,398,320 warrants, 4,484,585 stock options and advisor options and 2,035,327 finders' warrants) since they were anti-dilutive.

11. 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 year ended December 31, 2022

	Cash payments	Shares issued	Share-based payments	Total
Jorge Ramiro Monroy [(1)] Chief Executive Officer, Director	$ 415,000	$ 10,500	$ -	$ 425,500
Michael Wood [(2)] Chief Financial Officer, Director	$ 186,000	$ 10,499	$ -	$ 196,499
Peter Jones [(3)] Director	$ 25,000	$ 33,000	$ -	$ 58,000
Alex Langer [(4)] Director	$ 20,000	$ 33,000	$ -	$ 53,000
Evaristo Trevino [(5)] Director	$ 15,000	$ 33,000	$ -	$ 48,000
TOTAL:	$ 661,000	$ 119,999	$ -	$ 780,999

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS, (Continued)

For the year ended December 31, 2021

	Cash payments	Shares issued	Share-based payments	Total
Jorge Ramiro Monroy [1] Chief Executive Officer, Director	$ 300,000	$ -	$ 178,760	$ 478,760
Michael Wood [2] Chief Financial Officer, Director	$ 120,000	$ -	$ 178,760	$ 298,760
Peter Jones [3] Director	$ 25,000	$ -	$ 134,070	$ 159,070
Alex Langer [4] Director	$ 20,000	$ -	$ 111,725	$ 131,725
Evaristo Trevino [5] Director	$ 15,000	$ -	$ 111,725	$ 126,725
Ariel Navarro - Vice President of Exploration of the Company	$ -	$ 33,333	$ -	$ 33,333
TOTAL:	$ 480,000	$ 33,333	$ 715,040	$ 1,228,373

(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 Reyna Silver Hong Kong Limited and 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 years ended December 31 2022	For the years ended December 31 2021	As at December 31, 2022	As at December 31, 2021
Emerging Capital Markets [1]	Management fee and reimbursements	$ 445,153 [6]	$ 300,000	$ 8,835	$ -
Reyna Silver Hong Kong Limited [2]	Management fee	-	60,000	-	-
Athena Jade Limited [3]	Management fee	186,000	60,000	-	-
Andros Capital Corp. [4]	Management fee and consulting fee	20,000	20,000	-	-
Cassiar Gold Corp. [5]	Rent	10,647	-	-	-
Total		$ 661,800	$ 440,000	$ 8,835	$ -

(1) Jorge Ramiro Monroy is the managing director of this private company.
(2) Michael Wood and Jorge Ramiro Monroy are the sole directors of this private company.
(3) Michael Wood is the sole director of this private company.
(4) Alex Langer is the owner of this private company.
(5) Michael Wood is a director of this company.
(6) Included in this amount is $30,153 related to expense reimbursements.

12. 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 subsequent to December 31, 2022);
- $31,000 on the first anniversary of the Effective date; and
- $31,000 on the second anniversary of the Effective date.

13. 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.

13. 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 27,981,000 Mexican pesos and net monetary liabilities of approximately 33,000 US dollars. A 1% change in the absolute rate of exchange in Mexican pesos and US dollar would affect its net loss by approximately $19,000.

(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.

14. CAPITAL MANAGEMENT

The Company manages its cash and cash equivalents, common shares, warrants, finder's warrants and share purchase options as capital (see Note 9). 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.

(Expressed in Canadian dollars)

14. 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.

15. INCOME TAXES

No provision has been made for current income taxes as the Company has no taxable income. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2022	2021
Loss before income taxes	$ 8,569,146	$ 11,857,689
Effective statutory rate	26.15%	28.73%
Expected income tax recovery	2,240,600	3,406,400
Net adjustment for amortization and non-deductible amounts	97,000	(354,200)
True-up of prior year amounts	(244,600)	(73,200)
Impact of change in tax rate	(31,000)	-
Change in unrecognized benefit of tax pool assets	(2,062,000)	(2,979,000)
Total deferred income tax recovery	$ -	$ -

The components of the Company's deferred income tax assets and liabilities are estimated as follows:

	2022	2021
Deferred income tax assets		
Exploration and evaluation assets	$ 169,000	$ 184,000
Non-capital loss carryforwards	6,512,000	4,462,000
Capital loss carryforwards	179,000	-
Investment	-	193,000
Share issue costs	306,000	265,000
	7,166,000	5,104,000
Valuation allowance	(7,166,000)	(5,104,000)
Net deferred income tax assets	$ -	$ -

The Company's Canadian non-capital loss carry-forwards of approximately $8,799,000 expire between 2039 and 2042. The Company also has loss carry-forwards in Mexico and the USA of approximately $11,497,000 and $3,272,000, respectively.

(Expressed in Canadian dollars)

16. SEGMENTED FINANCIAL INFORMATION

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

		December 31, 2022		December 31, 2021
Non-current assets				
Mexico	$	11,183,215	$	8,427,864
USA		2,480,087		162,281
Canada		-		100,000
	$	13,663,302	$	8,690,145

	For the years ended December 31			
		2022		2021
Mineral exploration expenses				
Mexico	$	2,941,807	$	7,372,213
USA		2,793,718		408,968
	$	5,735,525	$	7,781,181

17. EVENTS AFTER THE REPORTING PERIOD

(a) 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 brokered private placement by issuing 10,039,720 units 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.

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 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.