



REYNA SILVER

REYNA SILVER CORP.
(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

**For the six months ended
June 30, 2021**

(Unaudited)

PO Box 49130
2900 – 595 Burrard Street
Vancouver, British Columbia, Canada V7X 1J5

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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	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Current			
Cash and cash equivalents		\$ 14,186,463	\$ 11,294,878
Receivables		25,894	80,736
Prepaid expenses		129,977	147,344
		<u>14,342,334</u>	<u>11,522,958</u>
Non-current			
Exploration and evaluation assets	5	6,263,288	4,898,670
Investment	5(h), 6	100,000	-
VAT receivables		451,640	148,269
		<u>6,814,928</u>	<u>5,046,939</u>
		<u>\$ 21,157,262</u>	<u>\$ 16,569,897</u>
LIABILITIES			
Current			
Trade and other payables		\$ 282,807	\$ 448,453
		<u>282,807</u>	<u>448,453</u>
SHAREHOLDERS' EQUITY			
Common shares	7	26,921,022	19,861,914
Reserves	7	5,090,531	2,617,471
Deficit		(11,137,098)	(6,357,941)
		<u>20,874,455</u>	<u>16,121,444</u>
		<u>\$ 21,157,262</u>	<u>\$ 16,569,897</u>

Nature of Operations and Going Concern (Note 1)
Events After the Reporting Period (Note 14)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on August 25, 2021. They are signed on the Company's behalf by:

“Jorge Ramiro Monroy”

Jorge Ramiro Monroy, Director

“Alex Langer”

Alex Langer, Director

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

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

	Note	For the		For the	
		three months ended June 30	2020	six months ended June 30	2020
		2021	2020	2021	2020
Exploration expenses	5	\$ 1,910,572	\$ 146,413	\$ 2,601,007	\$ 306,508
Administrative expenses					
Accounting and audit		27,190	18,491	47,742	32,072
Bank charges		1,400	848	3,330	1,846
Consulting		81,606	255,652	168,120	433,519
Legal		10,820	248,798	27,797	249,317
Management and director fees	9	120,000	76,000	240,000	136,000
Marketing and shareholders communication		202,326	91,872	343,530	233,181
Office		37,725	11,984	54,019	16,645
Share-based compensation	7(f)	65,090	47,345	334,604	47,345
Transfer agent, listing and filing fees		38,907	-	67,325	-
Foreign exchange		96,933	64,924	184,222	90,431
		<u>681,997</u>	<u>815,914</u>	<u>1,470,689</u>	<u>1,240,356</u>
Other items					
Interest income		1,276	465	6,135	465
Write-down of investment	6	(713,596)	-	(713,596)	-
Net loss before income taxes		<u>3,304,889</u>	<u>961,862</u>	<u>4,779,157</u>	<u>1,546,399</u>
Other comprehensive loss					
Cumulative translation adjustment		<u>120,291</u>	<u>-</u>	<u>119,336</u>	<u>-</u>
Total comprehensive loss for the period		<u>\$ 3,425,180</u>	<u>\$ 961,862</u>	<u>\$ 4,898,493</u>	<u>\$ 1,546,399</u>
Basic and diluted loss per share		<u>\$ 0.04</u>	<u>\$ 0.02</u>	<u>\$ 0.05</u>	<u>\$ 0.04</u>
Weighted average number of common shares outstanding		<u>93,131,725</u>	<u>53,935,328</u>	<u>92,144,106</u>	<u>43,467,000</u>

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

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

	Note	Common Shares			Preferred Shares		Reserves					Total shareholders' equity	
		Number of shares	Amount	Shares subscribed	Number of shares	Amount	Equity-settled employee benefits	Finder's warrants	Warrants	Foreign exchange reserve	Total		Deficit
Balance as at December 31, 2019	(Audited)	19,660,666	\$ 858,076	\$ 762,997	100	\$ 2,286,552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (695,965)	\$ 3,211,660
Shares issued:													
Pursuant to reverse takeover of Century	4	5,348,279	1,069,656	-	-	-	-	-	-	-	-	-	1,069,656
Private placements	7(b)	32,988,030	6,597,606	(762,997)	-	-	-	-	-	-	-	-	5,834,609
Share issue costs	7(b)	428,961	(311,403)	-	-	-	9,843	61,247	-	-	71,090	-	(240,313)
In lieu of services rendered	7(b)	166,668	16,667	-	-	-	-	-	-	-	-	-	16,667
Pursuant to Purchase Agreement	7(e)	14,556,706	2,911,341	-	(100)	(2,286,552)	-	-	-	-	-	-	624,789
Exercise of options	7(f)	360,000	129,818	-	-	-	(25,318)	-	-	-	(25,318)	-	104,500
Exercise of finders' warrants	7(h)	-	-	16,853	-	-	-	-	-	-	-	-	16,853
Private placement	7(b)	-	-	20,000	-	-	-	-	-	-	-	-	20,000
Share-based payments	7(f)	-	-	-	-	-	93,572	-	-	-	93,572	-	93,572
Advisor options	-	-	-	-	-	-	47,345	-	-	-	47,345	-	47,345
Net loss and comprehensive loss	-	-	-	-	-	-	-	-	-	-	-	(1,546,399)	(1,546,399)
Balance as at June 30, 2020	(Unaudited)	73,509,310	11,271,761	36,853	-	-	125,442	61,247	-	-	186,689	(2,242,364)	9,252,939
Shares issued:													
In lieu of services rendered	7(b)	284,760	298,998	-	-	-	-	-	-	-	-	-	298,998
For property acquisition	7(b)	250,000	342,500	-	-	-	-	-	-	-	-	-	342,500
Warrants issued for property acquisition	7(g)	-	-	-	-	-	-	-	670,500	-	670,500	-	670,500
Exercise of options	7(f)	312,475	150,042	-	-	-	(26,553)	-	-	-	(26,553)	-	123,489
Exercise of finders' warrants	7(h)	633,750	287,093	(16,853)	-	-	-	(32,269)	-	-	(32,269)	-	237,971
Exercise of warrants	7(g)	3,796,242	1,742,059	-	-	-	-	-	-	-	-	-	1,742,059
Private placement	7(b)	11,300,000	7,006,000	(20,000)	-	-	-	-	-	-	-	-	6,986,000
Share issue costs	7(b)	-	(1,236,539)	-	-	-	-	655,497	-	-	655,497	-	(581,042)
Share-based payments	7(f)	-	-	-	-	-	1,180,960	-	-	-	1,180,960	-	1,180,960
Net loss and comprehensive loss	-	-	-	-	-	-	-	-	-	(17,353)	(17,353)	(4,115,577)	(4,132,930)
Balance as at December 31, 2020	(Audited)	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 placement	7(b)	7,298,134	6,057,451	-	-	-	-	-	-	-	-	-	6,057,451
Share issue costs	7(b)	-	(655,286)	-	-	-	-	176,154	-	-	176,154	-	(479,132)
In lieu of services rendered	7(b)	699,666	699,666	-	-	-	-	-	-	-	-	-	699,666
Warrants issued for property acquisition	7(g)	-	-	-	-	-	-	-	2,120,700	-	2,120,700	-	2,120,700
Exercise of options	7(f)	212,500	83,753	-	-	-	(36,628)	-	-	-	(36,628)	-	47,125
Exercise of finders' warrants	7(h)	57,138	28,146	-	-	-	-	(2,434)	-	-	(2,434)	-	25,712
Exercise of warrants	7(g)	1,866,118	845,378	-	-	-	-	-	-	-	-	-	845,378
Share-based payments	7(f)	-	-	-	-	-	334,604	-	-	-	334,604	-	334,604
Net loss and comprehensive loss	-	-	-	-	-	-	-	-	-	(119,336)	(119,336)	(4,779,157)	(4,898,493)
Balance as at June 30, 2021	(Unaudited)	100,220,093	\$ 26,921,022	\$ -	-	\$ -	\$ 1,577,825	\$ 858,195	\$ 2,791,200	\$ (136,689)	\$ 5,090,531	\$ (11,137,098)	\$ 20,874,455

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

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

		For the	
		six months ended June 30	
	Note	2021	2020
Cash provided by (used for):			
Operating activities			
Net loss		\$ (4,779,157)	\$ (1,546,399)
Items not involving cash:			
Exploration expenses paid in common shares		699,666	16,667
Consulting paid in common shares		-	93,572
Share-based compensation	7(f)	334,604	47,345
Write-down of investment	6	713,596	-
Foreign exchange		(113,973)	-
Changes in non-cash working capital items:			
Receivables		54,723	(51,321)
Prepaid expenses		17,367	(231,033)
VAT receivables		(307,446)	-
Trade and other payables		(165,646)	289,114
Cash (used in) operating activities		<u>(3,546,266)</u>	<u>(1,382,055)</u>
Investing activities			
Exploration and evaluation assets		(58,683)	-
Cash acquired on acquisition of Reyna Silver Mining Inc.	4	-	895,734
Due to related parties		-	(483,538)
Cash acquired by (used in) investing activities		<u>(58,683)</u>	<u>412,196</u>
Financing activities			
Net proceeds from issuance of common shares	7	6,496,534	5,698,796
Common shares subscribed		-	36,853
Shareholders' loans		-	(227,814)
Cash provided by financing activities		<u>6,496,534</u>	<u>5,507,835</u>
Net increase in cash and cash equivalents		2,891,585	4,537,976
Cash and cash equivalents - beginning of the period		11,294,878	1,104,553
Cash and cash equivalents - end of the period		<u>\$ 14,186,463</u>	<u>\$ 5,642,529</u>
Supplemental disclosure with respect to cash flows:			
Common shares issuance pursuant to reverse takeover of Century		\$ -	\$ 1,069,656
Common shares issuance pursuant to exploration expenses		699,666	16,667
Common shares issuance pursuant to consulting		-	93,572
Common shares issuance pursuant to share issue costs		176,154	71,090
Warrants issuance pursuant to property acquisition		2,120,700	-
Exploration and evaluation assets included in accounts payable		33,831	-
Preferred share value adjustment pursuant to exploration and evaluation asset acquisition		-	624,789

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 June 30, 2021

(Unaudited)

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

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.

On June 3, 2020, the Company completed the acquisition of Reyna pursuant to an amalgamation agreement dated March 20, 2020. This acquisition constituted a reverse takeover (“RTO”) (Note 4). Upon completion of the RTO, the Company changed its name from Century Metals Inc. to Reyna Silver Corp. and began trading on the Exchange under the symbol “RSLV”.

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.

	June 30, 2021	December 31, 2020
Deficit	\$ (11,137,098)	\$ (6,357,941)
Working capital	\$ 14,059,527	\$ 11,074,505

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”).

REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at June 30, 2021

(Unaudited)

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (Continued)

(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.

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, 2020.

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, 2020. 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 six-month period ended June 30, 2021 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2021.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the June 30, 2021 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.

REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at June 30, 2021

(Unaudited)

(Expressed in Canadian dollars)

4. REVERSE TAKEOVER TRANSACTION (“RTO”)

Effective June 3, 2020, the Company completed the acquisition of all the issued and outstanding securities of Reyna.

The Company consolidated its 34,228,765 outstanding common shares so as to have 5,348,279 consolidated shares outstanding prior to closing the RTO. The Company issued an aggregate of 45,352,864 common shares to acquire the outstanding common shares of Reyna (inclusive of the 25,525,530 shares issued by Reyna under its \$0.20 private placement); and issued 14,556,706 common shares to MAG Silver Corp. (“MAG Silver”) in exchange for the preferred shares held by it in Reyna (equating to 19.9% of the outstanding common shares of the Company on closing of the RTO).

The Company and Reyna jointly undertook private placements raising an aggregate of \$6,597,606, resulting in the issuance of 32,988,030 units at \$0.20 (each unit consisting of one common share and one-half of one share purchase warrant (for a total of 16,494,013 warrants) exercisable at \$0.45 for 24 months from closing the RTO).

Aggregate finders' fees pertaining to the private placements were:

- (i) 428,961 finder's shares;
- (ii) 1,423,583 finders' warrants (each entitling the holder to acquire one common share at \$0.45 until June 3, 2022);
- (iii) 7,000 finder's warrants (each entitling the holder to acquire one unit at \$0.20 until June 3, 2022);
- (iv) 114,450 compensation options (each entitling the holder to acquire one unit at \$0.20 until June 3, 2022; and
- (v) \$240,314 cash.

As part of the RTO, the Company also issued these advisor options:

- (vi) 366,535 advisor options (each entitling the holder to acquire one common share at \$0.45 until June 3, 2022); and
- (vii) 905,000 advisor options (each entitling the holder to acquire one common share at \$0.20 until June 3, 2022);

Accordingly, the Company has accounted for the acquisition as a reverse takeover. Reyna, the legal subsidiary, has been treated as the accounting acquirer, and Century, the legal parent, has been treated as the accounting acquiree in these consolidated financial statements.

As Reyna was deemed to be the acquirer for accounting purposes, Century's assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying values. Century's results of operations have been included from June 3, 2020, the date of completion of the acquisition.

REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at June 30, 2021

(Unaudited)

(Expressed in Canadian dollars)

4. REVERSE TAKEOVER TRANSACTION (“RTO”) (Continued)

The RTO is being accounted for as a capital transaction in which Reyna is being identified as the acquirer of Century and equity consideration is being measured at fair value. The RTO does not constitute a business combination under IFRS 3. The RTO is accounted for in the consolidated financial statements of the resulting issuer as a continuation of the consolidated financial statements of Reyna, subject to a deemed issuance of shares and re-capitalization of the resulting issuer’s equity. The acquisition of Century is accounted for as 5,348,279 common shares deemed issued at \$0.20 per share to acquire the net identifiable assets of Century. This \$1,069,656 equity consideration is allocated to Century’s net identifiable assets and liabilities with the negative residual accounted for as a reduction to Century’s exploration and evaluation assets.

The total purchase price of \$1,069,656 has been allocated as follows:

Fair value of consideration - purchase price	\$ 1,069,656
Identifiable net assets of Century Metals Inc. acquired by Reyna Silver Mining Inc.	
Cash	895,734
Other current assets	30,077
Exploration and evaluation assets	1,494,629
Trade and other payables	(74,338)
Due to related parties	(595,413)
Total fair value of identifiable net assets acquired by Reyna Silver Mining Inc.	<u>1,750,689</u>
Reduction to exploration and evaluation assets	<u>\$ (681,033)</u>

REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at June 30, 2021

(Unaudited)

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

MEXICO

(a) Guigui Property

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

(b) Batopilas Property

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

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 100 preferred shares to MAG Silver (the "MAG Silver's Preferred Shares") with conversion rights to common shares of the Company

On June 3, 2020, MAG Silver's Preferred Shares were converted into 14,556,706 common shares with each common share valued at \$0.20 for a total value of \$2,911,341. \$2,286,552 has been recorded in the Company's preferred shares as of December 31, 2019 and therefore, the balance of \$624,789 is added to the Exploration and Evaluation Assets (Note 7e). These 14,556,706 common shares are subject to a voluntary pooling arrangement in accordance with the Agreement (Note 7d).

MAG Silver retains certain participation rights to maintain MAG Silver's percentage ownership interest in the Company. This right to participate shall survive until the earlier of (a) the date of which MAG Silver owns less than 10% of the Company's common shares; and (b) the date that is two years following the date of conversion of MAG Silver's preferred shares to common shares.

Royalties:

The Guigui property is subject to a 2.5% net smelter royalty ("NSR") payable to the underlying owner with a right of first refusal; while the Batopilas property is subject to a 4.5% 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 June 30, 2021

(Unaudited)

(Expressed in Canadian dollars)

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

MEXICO, (Continued)

(c) La Chinche Property

The Company entered into two agreements to acquire an 80% interest in the La Chinche Property.

On July 1, 2020, the Company entered into a mineral property option agreement with United Minerals Pty Limited and Minerales Unidos La Chinche S.A. de C.V. ("United Minerals") to acquire 50% interest in the La Chinche property in exchange for 500,000 common shares and 11,500,000 warrants as follows:

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

On July 1, 2020, the Company entered into a mineral property option agreement with the underlying concession owner (the "Sellers") to acquire an additional 30% interest in the La Chinche property by incurring the following:

- (i) Making a cash payment of US\$42,000 on signing the agreement (paid);
- (ii) Undertaking a minimum of US\$900,000 in work on the property within 24 months;
- (iii) Following the above work program, preparing a NI 43-101 technical report summarizing any mineral resources on the property (the "Report"); and
- (iv) Based on the mineral resources set out in the Report, paying an additional amount to the Sellers, calculated as a minimum of US\$1,000,000 (for up to 1,500,000 tonnes of resource based on 12% Zn equivalent cut-off) plus an additional US\$250,000 for every 500,000 tonnes of resource at comparable grade contained within the property over and above 1,500,000 tonnes.

(d) 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;
- (iv) US\$75,000 - 18 months from signing;
- (v) US\$120,000 - 24 months from signing;
- (vi) US\$120,000 - 30 months from signing;
- (vii) US\$150,000 - 36 months from signing;
- (viii) US\$685,000 - 48 months from signing.

The La Reyna Property is subject to a 2.5% royalty of which the Company can pay US\$500,000 for each 0.5%.

REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at June 30, 2021

(Unaudited)

(Expressed in Canadian dollars)

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

MEXICO, (Continued)

(e) 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.

(f) 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") (see note 14(c)).

UNITED STATES

(g) 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.
- (ii) Northern Lights further grants to the Company the option to acquire an additional 5% interest in the property for US\$1,000,000.

On November 4, 2020, the Company completed its due diligence and closed the option agreement. A finder's fee of \$25,000 will be paid, plus 5% of any future cash payments, to the owner of the Medicine Spring claims.

NSR ranging from 0.5% to 2% is payable to the underlying owners of certain claims.

CANADA

(h) Trudeau Gold Property (Quebec)

The Company holds 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 6).

REYNA SILVER CORP.

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(Expressed in Canadian dollars)

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

	Mexico					Canada	USA	Total
	Batopilas	Guigui	La Chinche	La Reyna	Others	Trudeau	Medicine Spring	
Exploration and evaluation assets								
Acquisition costs								
As of January 1, 2020	\$ 469,571	\$ 1,828,017	\$ -	\$ -	\$ 17,077	\$ -	\$ -	\$ 2,314,665
Addition during the period	127,691	497,098	1,069,246	42,543	-	813,596	33,831	2,584,005
As of December 31, 2020	\$ 597,262	\$ 2,325,115	\$ 1,069,246	\$ 42,543	\$ 17,077	\$ 813,596	\$ 33,831	\$ 4,898,670
Mineral exploration expenses for the year ended December 31, 2020								
Consulting and reporting	\$ 6,390	\$ 57,342	\$ 499	\$ -	\$ -	\$ 4,500	\$ -	\$ 68,731
Claim staking	-	-	-	-	-	-	46,282	46,282
Mineral taxes	34,216	154,893	3,648	7,479	-	-	90,492	290,728
Drilling	1,324	3,624	103	-	-	-	-	5,051
Geology and exploration	166,777	472,236	12,071	8,232	-	-	39,205	698,521
Geophysics	-	5,717	-	-	-	-	-	5,717
Other property related expenses	17,981	49,409	1,404	-	-	-	8,333	77,127
	\$ 226,688	\$ 743,221	\$ 17,725	\$ 15,711	\$ -	\$ 4,500	\$ 184,312	\$ 1,192,157
Cumulative mineral exploration expenses up to December 31, 2020								
Consulting and reporting	\$ 6,390	\$ 258,802	\$ 499	\$ -	\$ -	\$ 4,500	\$ -	\$ 270,191
Claim staking	-	-	-	-	-	-	46,282	46,282
Mineral taxes	79,606	329,818	3,648	7,479	-	-	90,492	511,043
Drilling	1,324	3,624	103	-	-	-	-	5,051
Geology and exploration	166,777	493,493	12,071	8,232	-	-	39,205	719,778
Geophysics	-	5,717	-	-	-	-	-	5,717
Other property related expenses	17,981	90,377	1,404	-	-	-	8,333	118,095
	\$ 272,078	\$ 1,181,831	\$ 17,725	\$ 15,711	\$ -	\$ 4,500	\$ 184,312	\$ 1,676,157

REYNA SILVER CORP.

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

	Mexico					Canada	USA	Total
	Batopilas	Guigui	La Chinche	La Reyna	Others	Trudeau	Medicine Spring	
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	-	-	2,120,700	57,514	-	-	-	2,178,214
Sale of property	-	-	-	-	-	(813,596)	-	(813,596)
As of June 30, 2021	\$ 597,262	\$ 2,325,115	\$ 3,189,946	\$ 100,057	\$ 17,077	\$ -	\$ 33,831	\$ 6,263,288
Mineral exploration expenses for the period ended June 30, 2021								
Consulting and reporting	\$ 5,272	\$ 20,235	\$ 1,118	\$ -	\$ -	\$ -	\$ -	\$ 26,625
Mineral taxes	4,911	15,042	6,117	42,432	-	-	87,145	155,647
Drilling	40,145	154,093	8,516	-	-	-	-	202,754
Geology and exploration	327,750	1,405,784	101,670	59,538	-	-	39,391	1,934,133
Other property related expenses	53,195	207,539	11,284	-	-	-	9,830	281,848
	\$ 431,273	\$ 1,802,693	\$ 128,705	\$ 101,970	\$ -	\$ -	\$ 136,366	\$ 2,601,007
Cumulative mineral exploration expenses up to June 30, 2021								
Consulting and reporting	\$ 11,662	\$ 279,037	\$ 1,617	\$ -	\$ -	\$ 4,500	\$ -	\$ 296,816
Claim staking	-	-	-	-	-	-	46,282	46,282
Mineral taxes	84,517	344,860	9,765	49,911	-	-	177,637	666,690
Drilling	41,469	157,717	8,619	-	-	-	-	207,805
Geology and exploration	494,527	1,899,277	113,741	67,770	-	-	78,596	2,653,911
Geophysics	-	5,717	-	-	-	-	-	5,717
Other property related expenses	71,176	297,916	12,688	-	-	-	18,163	399,943
	\$ 703,351	\$ 2,984,524	\$ 146,430	\$ 117,681	\$ -	\$ 4,500	\$ 320,678	\$ 4,277,164

REYNA SILVER CORP.

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6. 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(h)) and valued at \$813,596.

As of June 30, 2021, the Company revalued the shares of Beyond Minerals at \$100,000 and wrote off \$713,596.

7. 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, 2020:

- (i) Reyna and Century jointly completed a number of non-brokered private placements by issuing a total of 32,988,030 units ("Unit") at a price of \$0.20 per Unit for gross proceeds of \$6,597,606, \$762,997 of which was received during the year ended December 31, 2019. 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 \$0.45, expiring on June 3, 2022. Under the residual value approach, no value was assigned to the warrant component of the Units.

In connection with the private placements, the Company paid a total of \$240,313 cash finder's fee and issued 428,961 finder's shares valued \$0.20 per share for \$85,792. The Company also issued 7,000 finder's warrants, each of which is exercisable into one unit at a price of \$0.20, and 1,423,583 finder's warrants, each of which is exercisable into one common share \$0.45 respectively for a period of 24 months, expiring on June 3, 2022. The values of the finder's warrants were determined to be \$602 and \$60,645 respectively and were calculated using the Black-Scholes option pricing model. In addition, the Company issued 114,450 compensation options, each of which is exercisable into one Unit at a price of \$0.20 for a period of 24 months, expiring on June 3, 2022. The value of the compensation options was determined to be \$9,843 and was calculated using the Black-Scholes option pricing model.

- (ii) On August 19, 2020, the Company completed a non-brokered private placement by issuing 11,300,000 units ("Unit") at a price of \$0.62 per Unit for gross proceeds of \$7,006,000. 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 \$0.90, expiring on August 19, 2022. 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 \$419,326 cash finder's fee and issued 734,204 finder's warrants, each of which is exercisable into one Unit at a price of \$0.62 for a period of 24 months, expiring on August 19, 2022. The value of the finder's warrants was determined to be \$655,497 calculated using the Black-Scholes option pricing model. Another \$161,716 was also included as share issue costs.

- (iii) On September 18, 2020, the Company issued 250,000 common shares pursuant to a mineral property option agreement (see Note 5(c)).

REYNA SILVER CORP.

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7. SHARE CAPITAL (Continued)

b. Common share issuance (Continued)

During the year ended December 31, 2020: (Continued)

- (iv) During the year ended December 31, 2020, the Company issued 166,668 common shares with a fair value of \$16,667 to its consultants for geological consulting services and issued 284,760 common shares with a fair value of \$298,998 to its directors and officers for consulting services.

During the six months ended June 30, 2021:

- (i) On June 22, 2020, 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 \$107,650 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

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. As at June 30, 2021, 890,464 common shares were held in escrow.

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 June 30, 2021, 7,245,901 common shares were held in escrow.

d. Pooling agreement

14,556,706 common shares held by MAG Silver are subject to a voluntary pooling arrangement in accordance with the Agreement, where 25% of these common shares were free-trading on June 3, 2020 and 25% will become free-trading every six months thereafter. As at June 30, 2021, 3,639,177 common shares were held in escrow.

REYNA SILVER CORP.

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7. SHARE CAPITAL, (Continued)

e. Preferred share issuance

On August 3, 2018, Reyna, a pre-RTO predecessor company, issued 100 preferred shares pursuant to the Agreement with MAG Silver.

The preferred shares would automatically convert to common shares, without the payment of any additional consideration by MAG Silver, upon the date the Company completed its initial public offering (“IPO”) by way of prospectus or other business transaction such as a reverse take-over, with the Company’s common shares becoming listed on the TSX Venture Exchange (or similar) and the Company raising aggregate gross proceeds of no less than \$5,000,000 in conjunction with the IPO.

The number of common shares to be issued upon conversion of the preferred shares shall be the number of common shares such that following the conversion, MAG Silver would hold 19.9% of the issued and outstanding common shares of the Company.

As of December 31, 2018, it was estimated that the 100 preferred shares would therefore be converted into approximately 11,432,758 common shares of the resulting company, with each common share valued at \$0.20 for a total value of \$2,286,552.

On June 3, 2020, upon the completion of the RTO and the private placements, the 100 preferred shares were converted into 14,556,706 common shares, with each common share valued at \$0.20 for a total value of \$2,911,341, resulting in an increase in the value of the exploration and evaluation assets by \$624,789.

f. Stock options

Stock option transactions and the number of stock options, including the compensation options and advisor options, for the six months ended June 30, 2021 are summarized as follows:

Expiry date	Exercise price	December 31, 2020	Granted	Exercised	Expired / Cancelled	June 30, 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
Options outstanding		2,464,685	632,400	(212,500)	-	2,884,585
Options exercisable		2,464,685	342,400	-	-	2,594,585
Weighted average exercise price	\$	0.84	\$ 1.02	\$ 0.22	\$ -	\$ 0.93

As at June 30, 2021, the weighted average contractual remaining life of options is 3.98 years (December 31, 2020 – 4.20 years). The weighted average fair value of stock options granted during the six months ended June 30, 2021 was \$0.66 (June 30, 2020 - \$0.33).

REYNA SILVER CORP.

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7. SHARE CAPITAL (Continued)**f. Stock options (Continued)**

Stock option transactions and the number of stock options for the year ended December 31, 2020 are summarized as follows:

Expiry date	Exercise price	December 31, 2019	Granted	Exercised	Expired / Cancelled	December 31, 2020
June 3, 2022	\$ 0.20	-	905,000	(330,000)	-	575,000
June 3, 2022	\$ 0.45	-	366,535	(276,850)	-	89,685
September 13, 2029	\$ 0.57	-	265,625	(65,625)	-	200,000
October 13, 2025	\$ 1.13	-	1,600,000	-	-	1,600,000
Options outstanding		-	3,137,160	(672,475)	-	2,464,685
Options exercisable		-	3,137,160	-	-	2,464,685
Weighted average exercise price	\$	-	\$ 0.73	\$ 0.34	\$	\$ 0.84

The weighted average assumptions used to estimate the fair value of options for the six months ended June 30, 2021 and 2020 were as follows:

	2021	2020
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	83.34% - 84.89%	78.25% - 99%
Risk-free interest rate	1.25% - 1.27%	1.50% - 1.68%
Forfeiture rate	0.00%	0.00%
Expected life of options	3 years - 5 years	2 years - 10 years

g. Warrants

The continuity of warrants for the six months ended June 30, 2021 is as follows:

Expiry date	Exercise price	December 31, 2020	Issued	Exercised	Expired	June 30, 2021
August 17, 2021 (a)	\$ 0.74	1,000,000	-	-	-	1,000,000
June 3, 2022 (c)	\$ 0.45	12,833,496	-	(1,853,618)	-	10,979,878
August 19, 2022	\$ 0.90	5,575,000	-	(12,500)	-	5,562,500
January 1, 2022 (b)	\$ 0.75	-	3,000,000	-	-	3,000,000
June 22, 2023	\$ 1.25	-	3,649,067	-	-	3,649,067
Warrants outstanding		19,408,496	6,649,067	(1,866,118)	-	24,191,445
Weighted average exercise price	\$	0.59	\$ 1.02	\$ 0.45	\$	\$ 0.72

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

Subsequently, these warrants expired unexercised.

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

(c) Subsequent to June 30, 2021, 335,625 warrants were exercised.

REYNA SILVER CORP.

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7. SHARE CAPITAL (Continued)**g. Warrants (Continued)**

The assumptions used to estimate the fair value of warrants issued pursuant to the mineral property option agreement for the six months ended June 30, 2021 and 2020 was as follows:

	2021	2020
Expected dividend yield	0.00%	-
Expected stock price volatility	73.96%	-
Risk-free interest rate	0.50%	-
Forfeiture rate	0.00%	-
Expected life of warrants	1 year	-

As at June 30, 2021, the weighted average contractual remaining life of warrants is 1.05 years (December 31, 2020 – 1.44 years).

The continuity of warrants for the year ended December 31, 2020 is as follows:

Expiry date	Exercise price	December 31, 2019	Issued	Exercised	Expired	December 31, 2020
August 17, 2021 (a)	\$ 0.74	-	1,000,000	-	-	1,000,000
June 3, 2022	\$ 0.45	-	16,554,738	(3,721,242)	-	12,833,496
August 19, 2022	\$ 0.90	-	5,650,000	(75,000)	-	5,575,000
Warrants outstanding		-	23,204,738	(3,796,242)	-	19,408,496
Weighted average exercise price	\$	-	\$ 0.57	\$ 0.46	\$ -	\$ 0.59

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

h. Finder's Warrants

The continuity of finder's warrants for the six months ended June 30, 2021 is as follows:

Expiry date	Exercise price	December 31, 2020	Issued	Exercised	Expired	June 30, 2021
June 3, 2022	\$ 0.45	911,283	-	(57,138)	-	854,145
August 19, 2022 (a)	\$ 0.62	734,204	-	-	-	734,204
June 22, 2023 (b)	\$ 0.83	-	446,978	-	-	446,978
Finders warrants outstanding		1,645,487	446,978	(57,138)	-	2,035,327
Weighted average exercise price	\$	0.53	\$ 0.83	\$ 0.45	\$ -	\$ 0.59

(a) Each compensation warrant is exercised into one common share and one-half of a warrant, where each full warrant is then exercisable into one common share at \$0.62 for a period of 2 years.

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

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7. SHARE CAPITAL (Continued)

h. Finder's Warrants (Continued)

As at June 30, 2021, the weighted average contractual remaining life of finder's warrants is 1.15 years (December 31, 2020 – 1.52 years).

The continuity of finder's warrants for the year ended December 31, 2020 is as follows:

Expiry date	Exercise price	December 31,			December 31,		
		2019	Issued	Exercised	Expired	2020	
June 3, 2022	(a) \$ 0.20	-	114,450	(114,450)	-	-	
June 3, 2022	(a) \$ 0.20	-	7,000	(7,000)	-	-	
June 3, 2022	\$ 0.45	-	1,423,583	(512,300)	-	911,283	
August 19, 2022	(b) \$ 0.62	-	734,204	-	-	734,204	
Finders warrants outstanding		-	2,279,237	(633,750)	-	1,645,487	
Weighted average exercise price	\$	-	\$ 0.49	\$ 0.40	\$ -	\$ 0.53	

(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 \$0.45 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 \$0.62 for a period of 2 years.

The weighted average assumptions used to estimate the fair value of finder's warrants for the six months ended June 30, 2021 and 2020 were as follows:

	2021	2020
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	81.51%	78.25%
Risk-free interest rate	0.72%	1.69%
Forfeiture rate	0.00%	0.00%
Expected life of options	2 years	2 years

8. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for six months ended June 30, 2021 was based on the loss attributable to common shareholders of \$4,779,157 (six months ended June 30, 2020 – \$1,546,399) and a weighted average number of common shares outstanding of 92,144,106 (six months ended June 30, 2020 – 43,467,000).

Diluted loss per share did not include the effect of the preferred shares (June 30, 2020 – 100 preferred shares), 24,191,445 warrants, 2,884,585 stock options and advisor options and 2,035,327 finders' warrants (June 30, 2020 – 16,494,013 warrants, 1,180,160 stock options and advisor options and 1,545,033 finders' warrants) since they were anti-dilutive.

REYNA SILVER CORP.

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9. 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 six months ended June 30, 2021

	Cash payments	Shares issued	Share-based payments	Total
Jorge Ramiro Monroy ⁽¹⁾ Chief Executive Officer, Director	\$ 150,000	\$ -	\$ -	\$ 150,000
Michael Wood ⁽²⁾ Chief Financial Officer, Director	\$ 60,000	\$ -	\$ -	\$ 60,000
Peter Jones ⁽³⁾ Director	\$ 12,500	\$ -	\$ -	\$ 12,500
Alex Langer ⁽⁴⁾ Director	\$ 10,000	\$ -	\$ -	\$ 10,000
Evaristo Trevino ⁽⁵⁾ Director	\$ 7,500	\$ -	\$ -	\$ 7,500
Ariel Navarro - Vice President of Exploration of the Company	\$ -	\$ 33,333	\$ -	\$ 33,333
TOTAL:	\$ 240,000	\$ 33,333	\$ -	\$ 273,333

For the six months ended June 30, 2020

	Cash payments	Shares issued	Share-based payments	Total
Jorge Ramiro Monroy ⁽¹⁾ Chief Executive Officer, Director	\$ 88,000	\$ -	\$ -	\$ 88,000
Michael Wood ⁽²⁾ Chief Financial Officer, Director	\$ 46,000	\$ -	\$ -	\$ 46,000
Peter Jones ⁽³⁾ Director	\$ -	\$ -	\$ 8,355	\$ 8,355
Alex Tsang ⁽⁶⁾ Former Chief Financial Officer	\$ 2,000	\$ -	\$ 8,355	\$ 10,355
Sandy Chim ⁽⁷⁾ Former director	\$ -	\$ -	\$ 8,355	\$ 8,355
TOTAL:	\$ 136,000	\$ -	\$ 25,065	\$ 161,065

REYNA SILVER CORP.

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9. RELATED PARTY TRANSACTIONS (Continued)

- (1) Jorge Ramiro Monroy's cash payments as the Chief Executive Officer were paid through Emerging Markets Capital Limited.
- (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.
- (3) Peter Jones became the director of the Company effective June 3, 2020.
- (4) Alex Langer's director fee was paid to his company Andros Capital Corp.
- (5) Evaristo Trevino became the director of the Company effective September 21, 2020.
- (6) Alex Tsang became the Chief Financial Officer of the Company effective June 3, 2020 and resigned effective July 6, 2020.
- (7) Sandy Chim became the director of the Company effective June 3, 2020 and resigned effective September 21, 2020.

Related party transactions and balances:

Amounts in due to related parties:	Services for:	For the		As at	As at
		six months ended	June 30	June 30,	December 31,
		2021	2020	2021	2020
Emerging Capital Markets ⁽¹⁾	Management fee	\$ 150,000	\$ 88,000	\$ -	\$ -
Reyna Silver Hong Kong Limited ⁽²⁾	Management fee	60,000	46,000	-	-
Andros Capital Corp. ⁽³⁾	Management fee and consulting fee	10,000	-	-	-
Total		\$ 220,000	\$ 134,000	\$ -	\$ -

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

10. COMMITMENTS

The Company is committed to issue a total of 1,401,667 common shares to its directors, officers and consultants over the next 12 months for consulting and geological consulting services.

11. FINANCIAL INSTRUMENTS

The fair value of the Company's cash and cash equivalents, receivables (excluding sales tax) and trade and other payables 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.

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11. FINANCIAL INSTRUMENTS (Continued)

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.

Cash and cash equivalents are measured using level 1 inputs. There were no transfers between levels 1, 2 and 3.

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.

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) 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.

(d) 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 liabilities of approximately 55,505,000 Mexican pesos and 202,000 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.

REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at June 30, 2021

(Unaudited)

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS (Continued)

(e) 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.

12. CAPITAL MANAGEMENT

The Company manages its cash and cash equivalents, common shares, warrants, finder's warrants and share purchase options as capital (see Note 7). The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry out its exploration or operations in the near term.

REYNA SILVER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

As at June 30, 2021

(Unaudited)

(Expressed in Canadian dollars)

13. SEGMENTED FINANCIAL INFORMATION

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

	June 30, 2021	December 31, 2020
Non-current assets		
Mexico	\$ 6,681,097	\$ 4,199,512
USA	33,831	33,831
Canada	100,000	813,596
	<u>\$ 6,814,928</u>	<u>\$ 5,046,939</u>
	For the	
	six months ended June 30	
	2021	2020
Mineral exploration expenses		
Mexico	\$ 2,464,641	\$ 302,008
USA	136,366	-
Canada	-	4,500
	<u>\$ 2,601,007</u>	<u>\$ 306,508</u>

14. EVENTS AFTER THE REPORTING PERIOD

- (a) 3,500,000 warrants were granted pursuant to the mineral property option agreement (see Note 5(c)).
- (b) 335,625 warrants were exercised with exercise price at \$0.45 after June 30, 2021.
- (c) On July 19, 2021, the Company signed an option agreement with Reyna Gold. 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);
 - Incur at least \$500,000 of Expenditures on the El Durazno property before July 19, 2025.