



REYNA GOLD CORP.
(An Exploration Stage Company)

**Management Discussion and Analysis
For the Year Ended December 31, 2022**

Dated: April 14, 2023

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Vancouver, British Columbia, Canada
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INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Reyna Gold Corp. ("Reyna Gold" or the "Company") and has been prepared based on information known to management as of April 14, 2023.

The MD&A is intended to complement and supplement the Company's consolidated financial statements, but it does not form part of those consolidated financial statements. The MD&A should be read in conjunction with the audited consolidated financial statements and the related notes for the years ended December 31, 2022 and 2021 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included in those financial statements and/or this MD&A are quoted in Canadian dollars unless otherwise specified.

Reyna Gold recognizes environmental, social and governance ("ESG") best practices as key components to a responsible mineral exploration and mining sector. The Company's exploration programs are conducted to meet or exceed environmental regulations, while respecting the communities and environments in which we operate. Reyna Gold strives to earn its social license wherever it is active, endeavoring to meet regularly with local communities, regulators and other concerned parties before, and during, exploration work to understand issues important to local and Indigenous communities. Reyna Gold's approach is based on transparency, open communication, inclusivity and respect, to better enable social and economic benefit for communities as well as value for investors.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future results. Consequently, certain statements contained in this MD&A constitute expressed or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.

Forward looking statements that have been made in this MD&A include:

- Plans for exploration of the Company's exploration and evaluation assets;
- Impairment of long-lived assets;
- The progress, potential and uncertainties of the Company's exploration and evaluation assets in Mexico;
- References to future commodity prices;
- Budgets or estimates with respect to future activities;
- Estimates of how long the Company expects its working capital to last;
- Expectations regarding the ability to raise capital and to continue its exploration and development plans on its properties; and
- Management expectations of future activities and results.

ADDITIONAL INFORMATION

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at www.sedar.com and/or on the Company's website at <https://reynagold.com/>.



SUMMARY AND OUTLOOK

Reyna Gold's principal business is the acquisition, exploration and development of resource properties for the mining of precious or base metals with a focus in Mexico. The Company's key objective is to advance exploration at the La Gloria Project with the objective of determining whether the property contains commercially exploitable deposits of precious or base metals.

The environment for junior resource companies has been challenging for many months and it is anticipated that recovery of the sector may take many more months. We evaluate our projects on a regular basis using criteria that include political environment, relative cost of exploration, seasonality and type of mineral. As a result of our review, we may from time to time add or drop specific Mineral Properties.

On January 11, 2022, the Company completed its initial public listing ("IPO") on the TSX Venture Exchange (the "Exchange") and began trading under the symbol "REYG". As part of the IPO, the Company raised a total of \$13.65 million by private placements and issued 56.9 million common shares.

On April 13, 2022, the Company announced that Peter Jones joined the Board of Directors.

For the 2023 fiscal year, the Company continues to monitor its cash very closely and focuses on key objectives to improve shareholder value.

Additional Mineral Property information, including 2022 activity, can be found in Section 3 and more detailed Mineral Property information can be found on the Company's website at <https://reynagold.com/>.

Management's overall expectations for the Company are positive, due in part to the following factors:

- ❑ The Company focuses its objective to advance exploration at its properties with potential for commercially exploitable deposits of precious or base metals;
- ❑ The Company's exploration team has an exceptional track record of discoveries; and
- ❑ The Company is well funded.



REYNA GOLD

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1. Background

Reyna Gold was incorporated in British Columbia, Canada, on October 10, 2017 under the *Business Corporations Act of British Columbia*. The Company changed its name from “R1 Capital Corp.” to “Reyna Gold Corp.” on January 28, 2021 and began trading on the Exchange on January 11, 2022 under the symbol “REYG”. On March 15, 2022, the Company began trading on the OTCQB Market Exchange in the United States under the symbol “REYGF”.

2. Overview

2(a) Company Mission and Focus

Reyna Gold’s principal business is the acquisition, exploration and development of resource properties for the mining of precious or base metals with a focus in Mexico. The Company’s key objective is to advance exploration at the La Gloria Project with the objective of determining whether the property contains commercially exploitable deposits of precious or base metals.

2(b) Qualified Person

Steve Robertson, BSc., P.Geo, is the Qualified Person as defined under National Instrument 43-101 responsible for the technical disclosure in this document. Mr. Robertson is a director of the Company.

2(c) Description of Metal Markets

Gold prices have remained above their long term averages, albeit with high levels of volatility.

2(d) Use of the terms “Mineral Resources” and “Mineral Reserves”

Any reference in this MD&A to Mineral Resources does not mean Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.



3. Mineral Properties

The Company's mineral properties are in Mexico.

i. La Gloria Property

Acquisition terms:

On September 2, 2020, under the terms of the option agreement, the Company could earn 100% interest in the La Gloria (DASA) property by paying US\$1,200,000 over a 4-year period:

Period	Payment	
September 2, 2020	US\$30,000	(paid prior to January 11, 2021)
March 2, 2021	US\$60,000	(paid)
September 2, 2021	US\$50,000	(paid)
March 2, 2022	US\$60,000	(paid)
September 2, 2022	US\$70,000	(paid)
March 2, 2023	US\$120,000	(paid subsequent to December 31, 2022)
September 2, 2023	US\$180,000	
March 2, 2024	US\$200,000	
September 2, 2024	US\$430,000	

The original property owner has a 2.5% NSR on the property, 1% of which can be bought for US\$1,500,000 within 6 months of Commercial Production having started, 1% of which can be bought for US\$1,500,000 within 18 months from the start of Commercial Production and the other 0.5% can be bought for US\$1,000,000 within 36 months from the start of Commercial Production.

On April 28, 2021, the Company entered into an agreement whereby it acquired exclusive access to the La Gloria (Canasta-Dorada) Property for a period of twelve months in exchange for US\$30,000 (paid) and the issuance of 40,000 common shares (issued). During this time, the Company and the owner of the property intend to apply to the Mexican Mining Bureau for the revocation of the cancellation of certain claims.

If required, the Company has the option to extend the twelve-month period by an additional 180 days by paying an additional US\$30,000 and issuing an additional 60,000 common shares.

The Company also retains the option to enter into a definitive assignment agreement with the owner of the claims to earn a 100% interest in the property in exchange for a maximum of US\$100,000 (paid) and the issuance of up to a maximum of 250,000 common shares (issued in November 2022). Should the Company enter into the definitive assignment agreement they will be responsible for the mining taxes owed on the claims in the amount of 59,459,228 Mexican pesos (approximately \$3.7 million).

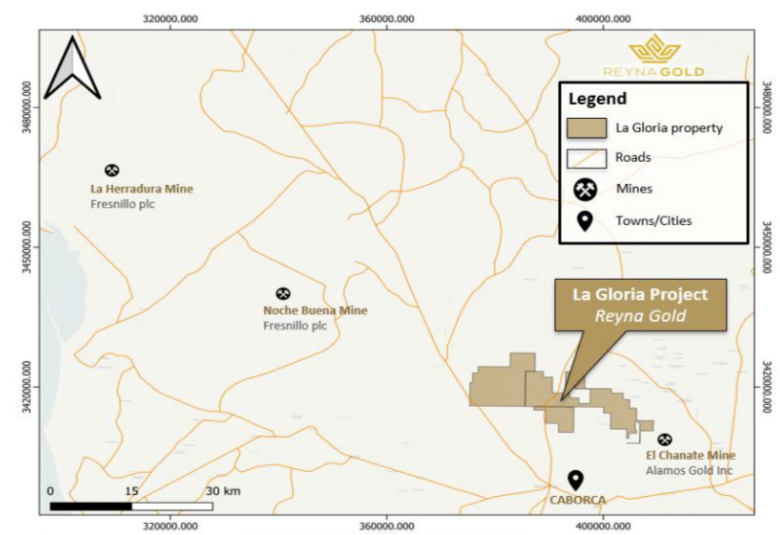
The owner will retain a 2.0% net smelter returns royalty on the property, of which each 1.0% can be purchased by the Company at any time for US\$1,000,000.

Property description:

The La Gloria project, which consists of 7 mining claims covering 24,215.19 hectares in the Sierra La Gloria, about 20 km north of the town of Caborca, in northwestern Sonora, Mexico. Several gold prospects have been identified on the project area. Past operators of the project focused exploration efforts on the Los Basureros claims (Big Pit, Pique Viejo, and Dry Placers areas), as well as at the La Republicana, Alamo Muerto-Canasta Dorada, and La Quinta areas.

Northwestern Sonora is host to several important gold deposits of the Sonora-Mojave Megashear, including the La Herradura, Noche Buena, La Choya, and El Chanate mines. In particular, La Herradura and El Chanate, which lie west and east of the La Gloria project, together account for 11 million ounces of gold. These gold deposits are characterized as orogenic types, formed in sheared host rocks of variable composition.

Historical exploration collected by High Desert Gold and HighVista Gold from 2006 to 2013 included rock-chip, stream-sediment, silt, and soil geochemical sampling; a self-potential geophysical study; detailed geological mapping in the Los Basureros claim area, and drilling. Drilling consisted of 32 core holes totaling 5,011.1 m in the Big Pit and Pique Viejo areas, and 86 reverse-circulation holes totaling 8,110.4 m divided between the Basureros claims areas, La Republicana, Alamo Muerto-Canasta Dorada, and La Quinta areas.



Exploration work:

On January 9, 2022, the Company released multiple high-grade gold sample results from its continuing surface and trench sampling program, focused on multiple targets at its 24,215-hectare La Gloria property in Sonora, Mexico. Results of 1,252 samples have been received with the initial focus on the Main zone area, where drilling would commence in February 2022.

Highlights -- Main zone:

- 93.9 grams per tonne (“g/t”) and 36.2 g/t gold samples at Pique Viejo, Main zone;
- 46.1 g/t, 24.4 g/t and 20.1 g/t gold samples in Big pit, Main zone;
- 555 samples out of 713 (78 per cent) at Big pit, Main zone, greater than 0.1 g/t gold;
- 23 samples greater than 5.0 g/t gold at Big pit, Main zone.



Other highlights:

- 20.1 g/t gold sample at Las Quintas;
- 15.9 g/t, 13.3 g/t and 11.1 g/t gold samples at Las Quintas West;
- 13.6 g/t gold sample at San Pedro and 9.3 g/t gold sample at Alamo Muerto.

Reyna Gold received drill permits for its La Gloria property and commenced its initial drill program at Big pit, Main zone, and Pique Viejo, Main zone, in February 2022.

On February 10, 2022, the Company announced that the 10,000 metre drill program had commenced, starting with phase 1 drilling at La Gloria with the first 22 holes, approximately 3,000 metres. Over 20,000 metres of drill targets have already been identified by the geological team at Main zone, El Sombrero, Las Quintas, Las Quintas West and San Pedro targets. The intention of the Company is to confirm additional targets pending continuing geochemical sampling, geological mapping and initial drill results.

Drilling started at the Shear zone at Big pit within the Main zone with six planned holes, then moved down to Pique Viejo for three holes focused on the steep-dipping high-grade quartz veining recently identified in sampling, including drilling a steeply dipping vein where a channel sample returned 93.9 grams per tonne gold. The drill rig would then move to the Placeres Main zone for an additional three holes, with the aim of drilling a series of mineralized structures along a strike length northwest, with a trend toward the Big pit target area, before moving to El Sombrero for 10 holes to target at depth the high-grade mineralized structures. The intention is by the end of the initial 3,000 metres of drilling, the Company will immediately move into the next stage of this 10,000 metres drilling at La Gloria. Further details will be announced on the follow-up targets once they have been finalized.

On April 13, 2022, the Company released multiple high-grade gold, copper and silver channel and dump sample results from the El Sombrero target on its La Gloria property.

Reyna Gold has started drilling at El Sombrero and expanded the number of planned holes from an initial 10 to now 22 holes in the El Sombrero target as part of its ongoing 10,000-meter drill program, which now comprises of a total of 36 holes.

El Sombrero sample highlights:

- Sample 240835 - 8.68 g/t Gold, 0.56% Copper, 64 g/t Silver, 0.42% Lead and 0.1% Zinc
- Sample 240841 - 8.17 g/t Gold, 0.34% Copper, 49 g/t Silver and 0.12% Lead
- Sample 240803 - 2.84 g/t Gold, 36 g/t Silver, 0.35% Lead, 0.18% Zinc and 0.17% Copper

On April 20, 2022, the Company released initial results from the first eight holes totalling 710 metres. Reyna Gold achieved the two primary objectives from these holes of extending the breccia zone at Big Pit and establishing quartz veining of grade and size at Pique Viejo. All eight holes hit gold-mineralized structures in initial exploration drilling across the 160-hectare Main zone target area.

Highlights:

- Drill hole LG-22-005, 7.85 metres of 3.95 g/t gold from surface, including 1.30 metres of 19.65 g/t gold, extending the known breccia northeast;
- Drill hole LG-22-001, 30.6 metres of 0.51 g/t gold from surface increasing depth of known breccia;
- Drill holes LG-22-007 and LG-22-008 discovered the Las Amarillas vein, including intersects of 0.6 metre of 8.61 g/t gold and 0.5 metre of 4.13 g/t gold and established minimum length for the Amarillas vein of 280 metres;
- Drill holes LG-22-008 established the Las Amarillas vein zone of 81 metres discontinuous length with seven veins closely stacked.

Drilling is continuing and Reyna Gold has now completed 17 holes totalling 2,236 metres of drilling. The first 36 drill holes have been outlined totalling around 3,700 of the initial 10,000 metres phase 1 drill program. Reyna Gold intends to keep releasing batches of drill results when received over the coming weeks and months as the Company continues to advance the district-scale La Gloria property.

On September 7, 2022, the Company released results from 22 holes totalling 3,823 metres of its continuing 10,000-metre regional exploration drill program. The drilling had been spread over a 6.35-kilometre trend and tested five target areas.

Highlights:

- Drill hole LG-22-30 -- 59.0 metres of 1.45 g/t gold from 1.2 metres to 60.2 metres at newly discovered La Republicana target:
 - Including 0.80 metre of 21.5 g/t gold and 29.7 g/t silver and 0.70 metre of 19.5 g/t gold and 168 g/t silver;
- Drill hole LG-22-028 -- 5.5 metres of 935 g/t silver from 1.5 metres to 7 metres at Big pit (Main zone):
 - Including 1.0 metre of 4,640 g/t silver and 0.93% copper.

On November 1, 2022, the Company announced more results from the ongoing district-scale exploration where the results were returning high-grade gold, silver and copper samples from multiple mineralized zones that aligned with geophysical anomalies, silica alterations and structural controls on the property.

Surface samples highlights:

Table 1 - La Republicana

LA REPUBLICANA TARGET						
Sample Number	Sample Type	Width (m)	Au	Ag	Cu	Pb
			g/t	g/t	%	%
241690	Channel	0.50	<0.005	40.50	0.01	0.61
241691	Chip	0.50	1.02	0.20	<0.01	<0.01
242007	Grab	Selective	2.70	30.90	0.01	0.07
242014	Channel	1.00	1.81	15.90	<0.01	0.15
242042	Channel	1.00	<0.005	75.20	0.84	<0.01
242044	Channel	0.40	1.45	17.50	<0.01	0.52
242046	Channel	0.50	0.08	21.60	0.57	<0.01
242047	Channel	1.00	0.24	29.80	0.57	<0.01
242049	Floated	1.00	6.23	3.20	0.06	0.03
242053	Grab	Selective	0.06	13.40	2.41	<0.01
242058	Channel	1.00	0.54	5.00	<0.01	0.02
242059	Channel	1.00	0.93	27.40	0.01	0.19
242071	Channel	1.20	21.00	47.30	0.02	0.01
242076	Grab	Selective	17.85	38.20	0.06	<0.01
242081	Chip	1.00	56.90	15.90	<0.01	<2
242082	Channel	0.50	1.47	1.10	<0.01	<2
242098	Channel	0.75	16.45	39.10	<0.01	0.05
242321	Channel	1.00	1.36	12.20	0.03	0.32
242324	Channel	0.60	4.03	41.20	0.02	0.50
242325	Channel	0.80	1.61	18.80	<0.01	0.31

242328	Channel	0.35	8.03	44.70	0.03	0.25
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Table 2 - Western

WESTERN TARGET							
Sample Number	Sample Type	Width (m)	Au	Ag	Cu	Pb	Zn
			g/t	g/t	%	%	%
240843	Grab	Selective	16.60	249.00	0.03	0.81	<0.01
241721	Channel	0.90	1.50	0.70	<0.01	<0.01	0.02
241749	Channel	0.50	2.97	4.10	<0.01	0.01	0.08
241752	Grab	Selective	1.26	0.60	<0.01	0.0014	0.04
241764	Channel	0.50	1.23	0.50	<0.01	<0.01	0.01
241777	Channel	0.60	1.08	0.70	<0.01	<0.01	0.03
241778	Channel	0.80	4.06	2.30	0.01	<0.01	0.03
241779	Channel	0.50	1.88	1.30	0.01	<0.01	0.04
241781	Channel	0.50	3.42	1.70	0.01	<0.01	0.02
241795	Grab	Selective	0.10	20.70	1.15	1.29	3.38
242102	Grab	Selective	1.19	0.90	<0.01	0.01	0.01
242108	Grab	Selective	1.86	1.30	0.01	<0.01	0.04
242110	Grab	Selective	2.16	0.90	0.01	<2	0.02
242111	Grab	Selective	1.28	0.70	0.01	<0.01	0.01
242122	Grab	Selective	1.03	0.90	<0.01	<0.01	<0.01
242157	Channel	0.80	6.00	1.70	0.01	<0.01	0.03
242171	Channel	0.70	3.88	3.50	0.01	<0.01	0.02
242190	Grab	Selective	2.51	2.50	0.01	<0.01	<0.01
242274	Channel	0.50	1.03	1.00	<0.01	<0.01	<0.01
242276	Channel	0.90	2.23	1.00	0.01	<0.01	0.01
242298	Channel	0.60	1.48	0.70	<0.01	<0.01	0.01
242405	Channel	0.50	1.38	0.60	0.01	<0.01	<0.01

Table 3 – El Sombrero

EL SOMBRERO TARGET						
Sample Number	Sample Type	Width (m)	Au	Ag	Cu	Pb
			g/t	g/t	%	%
240869	Channel	0.80	1.68	64.60	0.37	0.03
240959	Channel	0.60	1.58	2.60	0.01	0.05
240978	Channel	0.50	1.32	5.50	0.02	0.13
240999	Channel	0.50	1.11	548.00	0.69	0.70
241055	Channel	0.50	23.60	3.50	<0.01	<0.03
241057	Grab	Selective	8.33	4.90	0.01	0.02
241058	Grab	Selective	3.85	67.50	0.08	0.16
241061	Grab	Selective	1.37	26.90	0.07	0.11
241094	Grab	Selective	2.13	3.40	0.01	0.04
241099	Grab	Selective	19.65	3.60	<0.01	<0.03
241102	Channel	1.00	8.08	149.00	0.90	0.66
241104	Channel	0.50	4.25	733.00	3.60	0.16

241106	Channel	1.70	1.46	226.00	1.40	1.44
241128	Grab	Selective	4.66	20.40	0.01	0.74

Table 4 – Las Carmelitas

LAS CARMELITAS TARGET									
Sample Number	Sample Type	Width (m)	Au	Ag	Cu	Sb	Hg	Ba	Sr
			g/t	g/t	%	ppm	ppm	ppm	ppm
241682	Channel	1.00	0.30	116.00	2.09	4250.00	246.00	1120.00	215.00
241824	Grab	Selective	0.12	67.10	2.25	3780.00	611.00	2200.00	429.00
241835	Grab	Selective	0.05	91.30	1.62	6970.00	332.00	1480.00	222.00
241836	Grab	Selective	0.02	19.90	0.31	1395.00	41.00	2790.00	315.00
241838	Channel	0.90	0.02	21.70	0.36	758.00	40.00	910.00	56.00
241841	Channel	0.80	0.06	43.10	1.07	3000.00	86.00	1010.00	107.00
241843	Channel	0.65	0.02	18.00	0.25	1060.00	9.00	1670.00	103.00
241858	Grab	Selective	0.07	94.70	1.53	7770.00	291.00	940.00	833.00
241863	Channel	1.50	0.00	10.80	0.28	606.00	7.00	1110.00	249.00
241865	Grab	Selective	0.01	81.90	1.75	6510.00	48.00	600.00	443.00
241866	Grab	Selective	<0.01	37.30	0.90	3500.00	16.00	2180.00	288.00
241867	Channel	1.20	<0.01	12.30	0.29	1470.00	3.00	1080.00	99.00
241872	Channel	1.20	0.02	42.00	1.38	2050.00	791.00	960.00	497.00
241897	Channel	1.40	10.85	10.00	0.02	3.00	<1	120.00	113.00
241898	Channel	0.40	0.50	0.50	0.01	<2	<1	410.00	98.00
241907	Channel	0.80	0.02	3.20	1.87	<2	<1	290.00	83.00
241917	Channel	0.50	0.59	22.00	0.05	94.00	<1	40.00	61.00
241947	Channel	0.60	0.41	0.20	0.00	2.00	<1	100.00	16.00

On January 19, 2023, the Company announced more sample results from the continuing district-scale exploration. Results are returning high grades of precious metals, base metals and critical metals and substantially increasing the size of the mineralization.

Highlights:

- Main area (potential enrichment zone) at Las Carmelitas expanded to one-kilometre length by 250-metre average width;
- Major conglomerate and agglomerate zone discovered at Las Carmelitas -- 2.5-kilometre length by 1.7-kilometre average width;
- Disseminated mineralization identified within conglomerate, agglomerate and sandstone host rocks at Las Carmelitas;
- New La Republicana North zone discovered, expanding known mineralization footprint at La Republicana to 2.67 square kilometres (267 hectares);
- Western target mineralization footprint expanded to 1.5-kilometre length by 450-metre average width, with high-grades of tellurium found throughout the Western mineral system.

Surface Samples Highlights:

Table 5 - Las Carmelitas:

LAS CARMELITAS TARGET										
Sample Number	Sample Type	Width (m)	Cu	Ag	Au	Zn	Sb	Hg	Ba	Sr
			%	g/t	g/t	%	ppm	ppm	ppm	ppm
242914	Chip	1.00	9.47	202.00	1.67	0.015	2350.00	104.00	60.00	248.00
242947	Dump	1.00 x 1.00	7.03	272.00	0.064	0.10	4200	869.00	1280.00	521.00
242619	Grab	1.00	4.38	177.00	0.11	0.001	24400.00	3010.00	610.00	267.00
242612	Grab	1.00	4.34	123.00	0.25	0.001	7980.00	940.00	1090.00	383.00
242611	Grab	1.00	3.54	134.00	0.20	0.001	12400.00	1790.00	220.00	555.00
242624	Grab	1.00	3.44	198.00	0.13	0.001	16500.00	455.00	180.00	253.00
242925	Grab	1.00 x 1.00	3.31	64.80	0.13	0.009	26.00	3.00	180.00	704.00
242629	Grab	1.00	3.04	179.00	0.15	0.001	14700.00	673.00	220.00	507.00
242623	Grab	1.00	2.90	171.00	0.38	0.001	6850.00	437.00	770.00	320.00
242615	Grab	1.00	2.47	99.30	0.03	0.001	2370.00	141.00	430.00	160.00
242628	Grab	1.00	2.29	104.00	0.26	0.001	7950.00	148.00	740.00	152.00
242613	Grab	1.00	2.28	63.40	0.07	0.001	968.00	107.00	930.00	113.00
242617	Grab	1.00	2.16	108.00	0.006	0.001	10400.00	72.00	230.00	206.00
242622	Grab	1.00	2.15	122.00	0.58	0.001	5730.00	351.00	1180.00	236.00
242915	Chip	2.00	2.15	83.80	0.24	0.003	191.00	7.00	510.00	81.00
242945	Chip	1.00	2.05	45.90	0.019	0.051	2050	504.00	980.00	429.00
242946	Dump	1.00 x 1.00	1.96	83.70	0.014	0.024	5290	145.00	440.00	322.00
242621	Grab	1.00	1.88	83.00	0.21	0.001	9700.00	914.00	740.00	157.00
242626	Grab	1.00	1.87	175.00	2.24	0.001	1190.00	36.00	350.00	261.00
242627	Chip	0.50	1.74	66.30	0.23	0.001	6600.00	148.00	800.00	299.00
242618	Grab	1.00	1.37	66.50	0.005	0.001	6510.00	28.00	860.00	315.00
242948	Dump	1.00 x 1.00	1.32	63.60	0.021	0.015	1825	41.00	2160.00	1325.00
242939	Grab	1.00 x 1.00	1.19	46.30	0.061	0.002	319.00	15.00	500.00	58.00
242923	Grab	1.00 x 1.00	1.16	54.50	<0.005	0.037	4000.00	2110.00	730.00	229.00
242625	Grab	1.00	1.00	99.00	0.07	0.001	5270.00	47.00	1400.00	169.00
242924	Chip	0.50	0.96	7.30	0.01	0.005	8.00	4.00	1010.00	302.00
242930	Dump	1.50 x 1.50	0.91	2.80	0.006	0.011	2.00	<1	30.00	31.00
242909	Grab	1.00	0.82	5.30	0.005	0.001	266.00	31.00	1550.00	450.00
242944	Grab	0.30 x 0.30	0.78	43.60	0.007	0.040	3190.00	1305.00	480.00	546.00
242950	Grab	1.00 x 1.00	0.59	19.70	0.007	0.014	641.00	32.00	770.00	224.00
242912	Grab	0.30 x 0.30	0.57	3.90	0.022	0.002	3.00	<1	2390.00	996.00
242935	Grab	0.50 x 0.50	0.51	30.90	0.20	0.78	6.00	<1	50.00	86.00
242938	Grab	0.30 x 0.30	0.49	19.80	<0.005	0.003	81.00	1.00	320.00	91.00
242616	Channel	1.00	0.34	12.40	0.006	0.001	807.00	5.00	1170.00	260.00

Table 6 - Western:

WESTERN TARGET (Au-Te)					
Sample Number	Sample Type	Width (m)	Au	Ag	Te
			g/t	g/t	g/t
242553	Channel	0.60	0.01	27.70	135.00
242868	Floated	1.00 x 1.00	11.35	3.60	50.80
242848	Floated	1.00 x 1.00	5.03	2.50	22.30
242865	Channel	1.10	4.77	1.50	83.50
243132	Channel	0.70	4.76	1.70	10.80
242655	Chip	0.90 x 0.90	3.91	1.60	17.15
242852	Channel	0.40	3.24	2.60	18.15
242710	Channel	0.50	2.89	1.80	23.30
243054	Channel	0.60	2.89	1.10	7.31
242488	Channel	0.50	2.41	1.40	8.96
242781	Channel	0.50	2.29	0.60	12.00
242854	Channel	1.00	2.07	0.50	12.55
243069	Channel	0.60	2.05	1.10	9.89
242867	Channel	0.60	1.94	1.70	16.00
242432	Channel	0.50	1.71	0.80	13.00
243119	Channel	0.50	1.67	1.70	9.56
242705	Channel	0.70	1.66	0.70	9.06
242442	Channel	0.50	1.63	1.50	3.49
243136	Channel	0.50	1.60	1.20	3.38
242853	Channel	0.50	1.25	1.10	7.63
242476	Channel	0.50	1.20	0.80	5.58
242451	Channel	0.50	1.11	0.80	5.29
242732	Channel	1.00	1.11	1.90	8.75
242449	Channel	0.50	1.01	0.40	5.32

Te HIGHLIGHTS GRADES FROM PREVIOUS REPORTED SAMPLES					
Sample Number	Sample Type	Width (m)	Au	Ag	Te
			g/t	g/t	g/t
240843	Dump	0.50 x 1.00	16.60	249.00	54.90
242171	Channel	0.70	3.88	3.50	26.70
242276	Channel	0.90	2.23	1.00	20.90
242157	Channel	0.80	6.00	1.70	17.05
242190	Grab	1.00 x 0.50	2.51	2.50	15.45
240846	Channel	0.70	0.09	1.10	14.90
241781	Channel	0.50	3.42	1.70	14.15
242551	Chip	1.00	0.27	35.30	13.00
241778	Channel	0.80	4.06	2.30	12.70
242535	Channel	0.80	0.005	15.50	12.40
242703	Channel	0.80	0.94	0.70	10.65
241749	Channel	0.50	2.97	4.10	9.98
242529	Channel	1.00	0.03	36.60	9.36
242693	Channel	0.50	0.88	0.80	9.26
242194	Grab	1.00 x 0.50	0.99	0.30	8.62
242725	Channel	0.50	0.52	0.70	8.51
242668	Channel	0.50	0.65	4.70	8.49
241779	Channel	0.50	1.88	1.30	8.33
241785	Channel	0.50	0.59	3.70	8.12
241718	Channel	0.80	0.007	1.80	7.86
242706	Channel	0.50	0.93	1.10	7.84
242265	Channel	0.80	0.93	0.30	7.73
241721	Channel	0.90	1.50	0.70	7.26
242427	Channel	0.50	0.96	0.90	7.11
242439	Channel	0.50	0.78	0.40	6.76
242793	Channel	0.50	0.09	4.60	6.47
242274	Channel	0.50	1.03	1.00	6.45
242564	Channel	0.50	0.007	0.50	6.44
242783	Channel	0.50	0.45	3.20	6.27
242110	Grab	1.00 x 0.50	2.16	0.90	6.03
241752	Grab	1.00	1.26	0.60	5.98
242654	Channel	0.50	0.75	2.60	5.79
242711	Channel	0.50	0.77	0.50	5.79
242297	Channel	0.60	0.89	0.60	5.78
242566	Channel	0.50	0.07	0.90	5.78
241782	Channel	0.60	0.97	2.60	5.75
242285	Channel	0.50	0.80	0.60	5.68
243006	Channel	0.50	0.75	0.80	5.66
242773	Channel	0.80	0.53	3.40	5.49
242298	Channel	0.60	1.47	0.70	5.47
242695	Channel	0.60	0.56	1.40	5.40
242405	Channel	0.50	1.38	0.60	5.39
242496	Channel	0.50	0.91	0.30	5.39
242453	Channel	0.70	0.18	0.60	5.27
242108	Grab	1.00 x 0.50	1.85	1.30	5.04

Table 7 - La Republicana:

LA REPUBLICANA TARGET						
Sample Number	Sample Type	Width (m)	Au	Ag	Cu	Pb
			g/t	g/t	%	%
242375	Floated	0.50	11.90	107.00	0.0027	0.32
242812	Channel	0.40	4.29	6.10	0.187	0.14
242811	Channel	0.40	2.37	90.40	0.0227	5.33
242829	Dump	1.00 x 1.00	1.22	28.40	0.0264	0.058
242816	Dump	1.00 x 1.00	0.28	14.30	1.03	0.0029
242814	Floated	1.00 x 1.00	0.10	8.40	0.598	0.02
242822	Grab	1.00 x 1.00	0.02	4.90	0.804	0.037

ii. Don Porfirio Property

Acquisition terms:

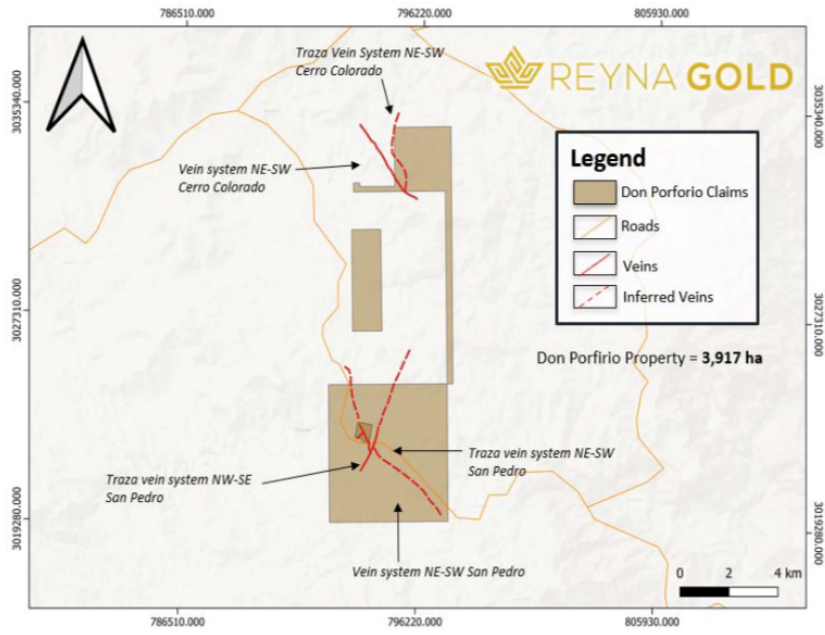
On April 26, 2021, the Company entered into an agreement whereby it acquired exclusive access to the Don Porfirio Property for a period of twelve months in exchange for US\$10,000 (paid). During this time, the Company and the owner of the property intend to apply to the Mexican Mining Bureau for the revocation of the cancellation of certain claims.

If required, the Company has the option to extend the twelve-month period by an additional twelve months.

The Company also retains the option to enter into a definitive assignment agreement with the owner of the claims to earn a 100% interest in the property in exchange for a maximum of US\$115,000. Should the Company enter into the definitive assignment agreement they will be responsible for the mining taxes owed on the claims in the amount of 6,516,563 Mexican pesos (approximately \$405,000).

Property description:

The Don Porfirio Property is located in the southwestern part of the state of Chihuahua, Mexico and within the Sierra Madre Occidental gold-silver belt, which is highly prospective for low sulfidation Au-Ag deposits. The Don Porfirio property has been divided into two zones, the North zone called Cerro Colorado and the South zone called San Pedro, in both zones two dominant structural systems have been identified that control the low sulfidation epithermal Au-Ag mineralization. These two quartz vein systems develop stockwork zones at the hanging wall of the mineralized structures and are related to felsic dikes with low-grade of gold and silver values, these dikes have average widths of 40 to 80 meters. These mineralization systems are hosted in volcanic rocks of felsic composition at the top and very close to the contact with andesitic volcanic rocks of the lower member of the Sierra Madre Occidental volcanic group. The Don Porfirio Property has never been explored in detail with modern techniques.



iii. El Durazno Property

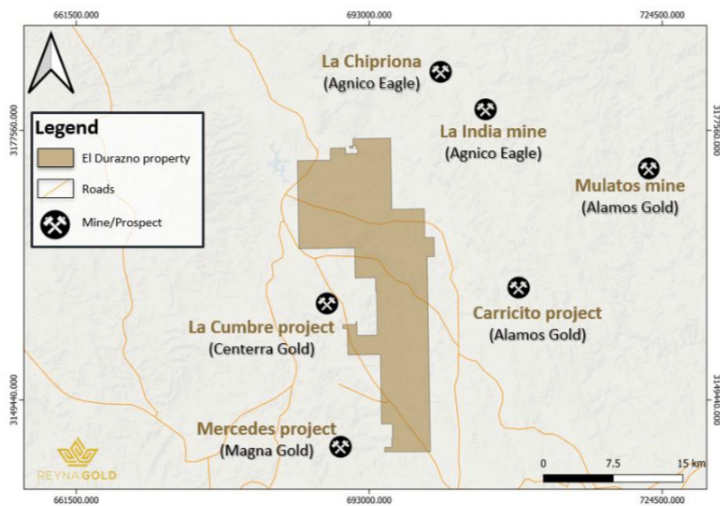
Acquisition terms:

On July 19, 2021, the Company entered into an option agreement with Reyna Silver Corp. (“RSLV”) whereby the Company has the option to earn 51% interest in the El Durazno property by paying RSLV \$20,000 (paid) and by incurring \$500,000 in exploration expenditures on the property before July 19, 2025.

RSLV and the Company have directors in common.

Property description:

The El Durazno Property is located in the South Eastern part of the state of Sonora, Mexico. The property consists of 24,629 ha within Sierra Madre Occidental Gold & Silver Belt which is highly prospective for low sulfidation Au-Ag deposits. El Durazno is within the old Mulatos Mining District, which produced 300Koz of gold before 1903. The Geology & mineralization is similar to the deposits now under production at La India and Mulatos mines.



iv. La Centella Property

Acquisition terms:

On August 30, 2021, the Company entered into a data transfer agreement whereby the Company obtained certain geological, geochemical and geophysical data related to the La Centella property by issuing 2,000,000 common shares of the Company (issued; Note 6(b)). These common shares are subject to a three-year lock-up agreement where they will be released as per 10% on the date that the Company obtains the Exchange’s bulletin regarding public listing; and 15% every six months thereafter.

On August 30, 2021, the Company also entered into an option agreement with the same party to earn 100% interest in the La Centella property by incurring US\$500,000 in exploration expenditures on the property over a period of four years.

The owner will retain a 2.0% net smelter returns royalty on the property. Upon commercial production, the owner will receive US\$2,000,000 payable in the Company’s shares.

Property description:

The La Centella Property consists of 4,485 hectares, in the state of Sonora, Mexico, 60 km North East of Hermosillo on the South East part of the Mojave-Sonora Megashear. The property hosts several old artisanal mining works, as well as areas of significant alteration, which show the existence of Au-Ag, Pb-Zn, Cu mineralization. Two types of dominant mineralization exist: veins and stockworks of hydrothermal-mesothermal origin (Au-Ag, Pb-Zn, Cu) and skarn mineralization in Southwest part of the project.



	La Gloria	Don Porfirio	El Durazno	La Centella	Total
Exploration and evaluation assets					
As of January 1, 2021	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition during the year	515,804	12,337	20,000	240,000	788,141
As of December 31, 2021	515,804	12,337	20,000	240,000	788,141
Acquisition during the year	358,713	-	-	-	358,713
Foreign currency translation	25,923	1,471	-	-	27,394
As of December 31, 2022	\$ 900,440	\$ 13,808	\$ 20,000	\$ 240,000	\$ 1,174,248

Mineral exploration expenses for the year ended December 31, 2022

Mineral taxes	\$ 2,104	\$ 60	\$ -	\$ -	\$ 2,164
Geology and exploration	1,555,037	2,416	-	-	1,557,453
Storage and equipment	126,159	-	-	-	126,159
Drilling	775,666	-	-	-	775,666
	\$ 2,458,966	\$ 2,476	\$ -	\$ -	\$ 2,461,442

Mineral exploration expenses for the year ended December 31, 2021

Mineral taxes	\$ 4,328	\$ -	\$ -	\$ 87	\$ 4,415
Consulting and reporting	104,563	-	-	-	104,563
Geology and exploration	341,889	11,615	-	1,395	354,899
Mapping	71,257	-	-	-	71,257
Storage and equipment	23,330	-	-	-	23,330
Other expenses	15,150	2,124	-	-	17,274
	\$ 560,517	\$ 13,739	\$ -	\$ 1,482	\$ 575,738

Cumulative mineral exploration expenses up to December 31, 2022

Mineral taxes	\$ 6,432	\$ 60	\$ -	\$ 87	\$ 6,579
Consulting and reporting	104,563	-	-	-	104,563
Geology and exploration	1,896,926	14,031	-	1,395	1,912,352
Mapping	71,257	-	-	-	71,257
Storage and equipment	149,489	-	-	-	149,489
Drilling	775,666	-	-	-	775,666
Other expenses	15,150	2,124	-	-	17,274
	\$ 3,019,483	\$ 16,215	\$ -	\$ 1,482	\$ 3,037,180

4. Risks and Uncertainties

The Company is engaged in the exploration for mineral deposits. These activities involve significant risks which even with careful evaluation, experience and knowledge may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the mining industry, metal price fluctuations and operating in foreign countries and currencies.

Inherent risks within the mining industry

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral deposit.



Mining activities also involve risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the Company's current mineral properties will be economically viable for development and production.

Prices for gold and other commodities

Metals prices are subject to volatile price fluctuations and have a direct impact on the commercial viability of the Company's exploration properties. Price volatility results from a variety of factors, including global consumption and demand for metals, international economic and political trends, fluctuations in the US dollar and other currencies, interest rates, and inflation. The Company has not hedged any of its potential future gold or other metal sales. The Company closely monitors gold prices as well as other metal prices to determine the appropriate course of action to be taken by the Company.

Foreign currency risks

The Company uses the Canadian dollar as its measurement and reporting currency, and therefore fluctuations in exchange rates between the Canadian dollar and other currencies may affect the results of operations and financial position of the Company. The Company does not currently have any foreign currency or commercial risk hedges in place.

The Company raises the majority of its equity financings in Canadian dollars while foreign operations are predominately conducted in Mexican pesos and US dollars. Fluctuations in the exchange rates between the Canadian dollar, US dollar and Mexican pesos may impact the Company's financial condition.

Risks Associated with Foreign Operations

The Company's investments in foreign countries such as Mexico carry certain risks associated with different political, business, social and economic environments. The Company is currently evaluating gold and other commodities in Mexico, but will undertake new investments only when it is satisfied that the risks and uncertainties of operating in different cultural, economic and political environments are manageable and reasonable relative to the expected benefits.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance and regulatory characteristics of property rights in certain foreign countries. Access to mineral properties also involves certain inherent risks due to the change in local ranchers and land owners.

Future government, political, legal or regulatory changes in the foreign jurisdictions in which the Company currently operates or plans to operate could affect many aspects of the Company's business, including title to properties and assets, environmental protection requirements, labor relations, taxation, currency convertibility, repatriation of profits or capital, the ability to import necessary materials or services, or the ability to export produced materials.

The exploration of mineral resources in Mexico is subject to a comprehensive review, approval and permitting process that involves various federal, state and local agencies. There can be no assurance given that the required approvals and permits for a mining project, if technically and economically



warranted, on the Company's claims can be obtained in a timely or cost-effective manner. The Mexican government may enact a law requiring royalties on minerals produced from federal lands, including unpatented claims.

Competition

The Company competes with larger and better-financed companies for exploration personnel, contractors and equipment. Increased exploration activity has increased demand for equipment and services. There can be no assurance that the Company can obtain required equipment and services in a timely or cost-effective manner.

Financing

All of the Company's short- to medium-term operating and exploration cash flow have been derived from external financing. Should changes in equity-market conditions prevent the Company from obtaining additional external financing in the future, the Company will review its exploration-property holdings and programs to prioritize project expenditures based on funding availability.

5. Impairment of Long-lived Assets

The Company completed an impairment analysis as at December 31, 2022, which considered the indicators of impairment in accordance with IAS 36, "Impairment of Assets". Management concluded that no further impairment charges were required because:

- there have been no significant changes in the legal factors or climate that affects the value of the properties;
- all property rights remain in good standing;
- there have been no significant changes in the projections for the properties;
- exploration results are generally positive; and
- the Company intends to continue its exploration and development plans on its properties.

6. Material Financial and Operations Information

6(a) Selected Annual Financial Information

The following selected annual financial information has been derived from the last three audited financial statements of the Company, which have been prepared in accordance with IFRS. All dollar amounts are expressed in Canadian dollars.

	2022	2021	2020
Total revenues	\$ -	\$ -	\$ -
Expenses	\$ 4,713,807	\$ 3,571,773	\$ 14,834
Comprehensive loss for the year	\$ 4,556,840	\$ 3,625,616	\$ 14,834
Basic and diluted loss per share	\$ 0.07	\$ 0.10	\$ 0.10
Total assets	\$ 7,661,393	\$ 12,145,626	\$ 1,318,694
Total long-term financial liabilities	\$ -	\$ -	\$ -
Cash dividend declared - per share	N/A	N/A	N/A



6(b) Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	Three months ended			
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
Total revenues	\$ -	\$ -	\$ -	\$ -
Net loss	\$ 1,224,220	\$ 1,846,333	\$ 895,965	\$ 747,151
Comprehensive loss	\$ 1,216,689	\$ 1,839,342	\$ 828,167	\$ 672,642
Loss per share	\$ 0.02	\$ 0.03	\$ 0.01	\$ 0.01

	Three months ended			
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Total revenues	\$ -	\$ -	\$ -	\$ -
Net loss	\$ 147,690	\$ 197,596	\$ 2,514,648	\$ 711,556
Comprehensive loss	\$ 145,490	\$ 215,805	\$ 2,537,423	\$ 726,898
Loss per share	\$ 0.01	\$ 0.01	\$ 0.08	\$ 0.01

6(c) Review of Operations and Financial Results

For the three months ended December 31, 2022 compared with the three months ended December 31, 2021:

The Company's exploration expenses amounted to \$317,803 (2021 - \$210,593), an increase of \$107,210 as a result of the Company having more exploration work on its La Gloria property.

Excluding the foreign exchange loss of \$2,207 (2021 foreign exchange gain - \$1,886) and share-based payments of \$54,223 (2021 - \$Nil), the Company's administrative expenses amounted to \$372,918 (2021 - \$502,994), a decrease of \$130,076 mainly due to: (a) legal of \$4,061 (2021 - \$159,186); (b) listing fees of \$1,667 (2021 - \$66,546); (c) accounting and audit of \$32,479 (2021 - \$48,692) as the Company was still a private company in fiscal 2021. The decrease was offset by increases in: (d) consulting of \$66,328 (2021 - \$9,950); (e) marketing expense of \$248,180 (2021 - \$87,037); (f) management and director fees of \$127,748 (2021 - \$109,998) as the Company incurred more administrative expenses to support the exploration activities in fiscal 2022.

During the three months ended December 31, 2022, the Company reported a loss of \$747,151 (2021 - \$711,556), an increase of \$35,595.

For the year ended December 31, 2022 compared with the year ended December 31, 2021:

The Company's exploration expenses amounted to \$2,461,442 (2021 - \$575,738), an increase of \$1,885,704 as a result of the Company's expanded exploration work on its La Gloria property including initial drilling.

Excluding the foreign exchange loss of \$1,439 (2021 foreign exchange gain - \$7,969) and share-based payments of \$137,239 (2021 - \$1,775,600), the Company's administrative expenses amounted to \$2,113,688 (2021 - \$1,228,404), an increase of \$ 885,283 mainly due to: (a) marketing of \$894,374 (2021 - \$147,620); (b) office expense of \$112,964 (2021 - \$47,392); (c) consulting of \$243,798 (2021 - \$50,011); (d) accounting and audit of \$148,818 (2021 - \$104,044); (e) management and director fees of \$612,245 (2021 - \$485,998) while being offset by decreases in: (f) legal of \$45,227 (2021 - \$314,799); (g) listing fees of \$53,131 (2021 - \$73,987) as the Company became a publicly listed company in fiscal 2022 as well as had more administrative expenses to support its exploration activities in fiscal 2022.



During the year ended December 31, 2022, the Company reported a loss of \$4,713,669 (2021 – \$3,571,490), an increase of \$1,142,179.

6(d) Liquidity and Capital Resources

As at December 31, 2022, the Company had a working capital of \$5,853,059 (December 31, 2021 – \$11,097,057). With respect to working capital, \$5,771,307 was held in cash and cash equivalents (December 31, 2021 – \$10,869,053). The decrease in cash was mainly due (a) operating activities, including exploration expenses, totaling \$4,784,755, and (b) expenditures on the exploration and evaluation assets of \$322,464.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from warrants, finders' warrants, advisors' options and options, along with the planned developments within the Company are sufficient to carry out its activities throughout 2023. The Company would consider future equity financings if such financings are beneficial to the Company. If the market conditions change, the Company will make adjustment to its budgets accordingly.

6(e) Disclosure of Outstanding Share Data

Common Shares

Authorized: unlimited number of common shares without par value.

On June 9, 2022, the Company granted a total of 670,000 stock options to a director and certain consultants and advisers of the Company. The options are exercisable until June 9, 2027, at a price of \$0.40 per common share. A total of 420,000 options vested immediately, and 250,000 options granted to a consultant vest over a period of 12 months, with 62,500 options vesting every three months from the date of grant.

On July 13, 2022, the Company granted a total of 100,000 restricted share units ("RSU") to a director pursuant to the Company's long-term incentive plan. Each RSU entitles the holder to acquire one common share of the Company on vesting. All 100,000 RSUs will vest on July 13, 2023.

On October 3, 2022, the Company granted 950,000 stock options to its consultants, vesting immediately. Each option entitles the holder to acquire one common share of the Company at an exercise price of \$0.20 for a period of five years expiring on October 3, 2027.



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
September 22, 2026	\$ 0.40	4,825,000	-	-	-	4,825,000
June 9, 2027	\$ 0.40	-	670,000	-	-	670,000
October 3, 2027	\$ 0.20	-	950,000	-	-	950,000
Options outstanding		4,825,000	1,620,000	-	-	6,445,000
Options exercisable		4,450,000	1,370,000	-	-	6,320,000
Weighted average exercise price	\$	0.40	\$ 0.28	\$	-	\$ 0.37

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	
December 14, 2023	\$ 0.65	13,092,394	-	-	-	13,092,394	
Warrants outstanding		13,092,394	-	-	-	13,092,394	
Weighted average exercise price	\$	0.65	\$	-	\$	-	\$ 0.65

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	
September 3, 2023	\$ 0.40	1,546,325	-	-	-	1,546,325	
September 10, 2023	\$ 0.40	112,413	-	-	-	112,413	
September 15, 2023	\$ 0.40	6,265	-	-	-	6,265	
Finders warrants outstanding		1,665,003	-	-	-	1,665,003	
Weighted average exercise price	\$	0.40	\$	-	\$	-	\$ 0.40

The continuity of restricted stock unit (RSU) for the year ended December 31, 2022 is as follows:

Vesting date	December 31, 2021	Granted	Vested and converted to common shares	December 31, 2022
July 13, 2023	-	100,000	-	100,000
RSUs outstanding	-	100,000	-	100,000



	Issued and outstanding	
	December 31, 2022	April 14, 2023
Common shares outstanding	67,006,221	67,006,221
Options	6,445,000	6,445,000
Restricted shares units	100,000	100,000
Warrants	13,092,394	13,092,394
Finder's warrants	1,665,003	1,665,003
Fully diluted common shares outstanding	88,308,618	88,308,618

6(f) Commitment

None.

6(g) Off-Balance Sheet Arrangements

None.

6(h) Transactions with Related Parties

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⁾ Director	\$ 249,990	\$ -	\$ -	\$ 249,990
Michael Wood ⁽²⁾ Chief Executive Officer, Director	\$ 300,000	\$ -	\$ -	\$ 300,000
Winnie Wong ⁽³⁾ Chief Financial Officer	\$ 120,000	\$ -	\$ -	\$ 120,000
Alex Langer ⁽⁵⁾ Director	\$ 20,000	\$ -	\$ -	\$ 20,000
Steve Robertson ⁽⁶⁾ Director	\$ 17,625	\$ -	\$ -	\$ 17,625
Castulo Molina Sotelo ⁽⁷⁾ Director	\$ 15,000	\$ -	\$ -	\$ 15,000
Peter Jones ⁽⁸⁾ Director	\$ 10,755	\$ -	\$ 38,100	\$ 48,855



Related party transactions and balances:

Amounts included in Trade and other payables:	Services for:	For the years ended		As at December	As at December
		December 31, 2022	December 31, 2021	31, 2022	31, 2021
Emerging Markets Capital	Management fee and rent	\$ 249,990	\$ 249,407	\$ -	\$ 9,823
Athena Jade Limited	Management fee	300,000	244,000	-	-
Reyna Silver SAPI S.A. de C.V. ⁽⁴⁾	Expense reimbursement	-	-	-	2,574
Andros Capital Corp. ⁽⁵⁾	Director's fee	20,000	-	-	-
Western Blue Sky Management Corp. ⁽⁶⁾	Consulting and director's fee	17,625	-	-	-
San Miguel Exploration SC. ⁽⁷⁾	Director's fee	15,000	-	-	-
Peter Jones ⁽⁸⁾	Director's fee and share-based compensation	48,855	-	-	-
Pacific Opportunity Capital Ltd.	Accounting	120,000	64,993	21,000	15,201
Total		\$ 771,470	\$ 558,400	\$ 21,000	\$ 27,598

- (1) Jorge Ramiro Monroy's cash payments were paid through Emerging Markets Capital, a company of which Mr. Monroy has control.
- (2) Michael Wood's cash payments as the Chief Executive Officer were paid through Athena Jade Limited, a private company owned by Mr. Wood.
- (3) Winnie Wong was appointed as the Chief Financial Officer on May 1, 2021 and her cash payments were paid through Pacific Opportunity Capital Ltd., a private company where she is the vice president.
- (4) Reyna Silver SAPI S.A. de C.V. is a wholly-owned subsidiary of Reyna Silver Corp. ("RSLV"), a publicly listed company on the Exchange where RSLV and the Company have directors in common.
- (5) Alex Langer's director fee was paid to his company Andros Capital Corp.
- (6) Steve Robertson's director fee was paid to his company Western Blue Sky Management Corp.
- (7) Cacho Molina Sotelo's director fee was paid to his company San Miguel Exploration SC.
- (8) Peter Jones became a director of the Company on April 13, 2022.

All related party transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6(i) Financial Instruments

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

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. The Company's bank account is held with major banks in Canada and Mexico; accordingly, the Company believes it is not exposed to significant credit risk.



b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at December 31, 2022, the Company had a cash balance of \$5,771,307 to settle current liabilities of \$48,965.

d) Currency risk

The Company's property interest in Mexico 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. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liabilities of approximately 9,979,000 Mexican pesos. A 1% change in the absolute rate of exchange in Mexican pesos would affect its net loss by approximately \$7,000.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not have any financial assets measured at fair value.

6(j) Management of Capital Risk

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

7. Events after the Reporting Period

None other than disclosed already in other sections.

8. Policies and Controls

8(a) Significant Accounting Judgments and Estimates

The preparation of these consolidated interim 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 condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these condensed consolidated interim 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 condensed consolidated interim 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:

- 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. 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 Minera Reyna Dorada S.A. de C.V.; and
- The determination that the Company will continue as a going concern for the next year.

9. Internal Control Over Financial Reporting

Changes in Internal Control over Financial Reporting (“ICFR”)

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings (“NI 52-109”) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.



Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company's disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

10. Information on the Officers and Board of Directors

Directors:

Jorge Ramiro Monroy, Executive Chairman
Michael Wood
Alexander Langer
Steve Robertson
Cástulo Molina Sotelo
Peter Jones

Audit Committee members:

Alexander Langer, Steve Robertson and Cástulo Molina Sotelo

Management:

Michael Wood – Chief Executive Officer
Winnie Wong – Chief Financial Officer
Ariel G. Navarro Herrera, MSc. – Vice President of Exploration