REYNA GOLD CORP.
(formerly R1 Capital Corp.)

FINANCIAL STATEMENTS

For the years ended December 31, 2020, 2019 and 2018

Contents

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Independent Auditor's Report

To the Directors of Reyna Gold Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Reyna Gold Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2020, 2019, and 2018, and the statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, 2019 and 2018 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
June 18, 2021

REYNA GOLD CORP.
(formerly R1 Capital Corp.)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31
(Presented in Canadian Dollars)

	Note	2020	2019	2018
ASSETS				
Current				
Cash		$ 1,288,694	$ 2,820	$ 2,899
Loan receivable	7	30,000	-	-
		1,318,694	2,820	2,899
Non-current				
Loan receivable	7	-	30,000	-
		-	30,000	-
		$ 1,318,694	$ 32,820	$ 2,899
LIABILITIES				
Current				
Trade and other payables		$ 67,165	$ 4,454	$ 4,453
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Common shares	6	75,001	53,851	53,851
Subscription receivable	6(b)	-	(13,850)	(43,850)
Common shares subscribed	6(c)	1,202,997	-	-
Deficit		(26,469)	(11,635)	(11,555)
		1,251,529	28,366	(1,554)
		$ 1,318,694	$ 32,820	$ 2,899

Nature of operations and continuance of operations (Note 1)

Subsequent events (Note 9)

These financial statements are authorized for issue by the Board of Directors on June 18, 2021.

Approved by the Board of Directors:

"Alex Langer"
Alex Langer

"Jorge Ramiro Monroy"
Jorge Ramiro Monroy

REYNA GOLD CORP.
(formerly R1 Capital Corp.)
STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31
(Presented in Canadian Dollars)

	2020	2019	2018
Administrative expenses			
Bank charges	$ 2,123	$ 80	$ 74
Legal	12,711	-	11,474
	14,834	80	11,548
Total comprehensive loss for the year	$ 14,834	$ 80	$ 11,548
Basic and diluted loss per share	$ 0.01	$ 0.00	$ 0.01
Weighted average number of common shares outstanding	1,078,157	1,077,001	950,122

See notes to the financial statements

REYNA GOLDCORP.
(formerly R1 Capital Corp.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Presented in Canadian Dollars)

	Note	Common Shares: Number of shares	Common Shares: Amount	Subscription receivable	Shares subscribed	Deficit	Total shareholders' equity (deficiency)
Balance as at December 31, 2017		1	$ 1	$ -	$ -	$ (7)	$ (6)
Shares issued:							
Private placements	6(b)	1,077,000	53,850	(43,850)	-	-	10,000
Net loss and comprehensive loss		-	-	-	-	(11,548)	(11,548)
Balance as at December 31, 2018		1,077,001	53,851	(43,850)	-	(11,555)	(1,554)
Private placements		-	-	30,000	-	-	30,000
Net loss and comprehensive loss		-	-	-	-	(80)	(80)
Balance as at December 31, 2019		1,077,001	53,851	(13,850)	-	(11,635)	28,366
Shares issued:							
Private placements	6(b)	423,000	21,150	13,850	-	-	35,000
Shares subscribed		-	-	-	1,202,997	-	1,202,997
Net loss and comprehensive loss		-	-	-	-	(14,834)	(14,834)
Balance as at December 31, 2020		**1,500,001**	**$ 75,001**	**$ -**	**$ 1,202,997**	**$ (26,469)**	**$ 1,251,529**

REYNA GOLD CORP.
(formerly R1 Capital Corp.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Presented in Canadian Dollars)

	2020	2019	2018
Cash provided by (used for):			
Operating activities			
Net loss	$ (14,834)	$ (80)	$ (11,548)
Changes in non-cash working capital items:			
Loan receivable	-	(30,000)	-
Trade and other payables	62,711	1	4,447
Cash provided by (used in) operating activities	47,877	(30,079)	(7,101)
Financing activities			
Proceeds from issuance of common shares	21,150	-	10,000
Subscription receivable	13,850	30,000	-
Common shares subscribed	1,202,997	-	-
Cash provided by financing activities	1,237,997	30,000	10,000
Net increase (decrease) in cash	1,285,874	(79)	2,899
Cash - beginning of the year	2,820	2,899	-
Cash - end of the year	$ 1,288,694	$ 2,820	$ 2,899

See notes to the financial statements

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Reyna Gold Corp. (the “Company” or “Reyna Gold”) was incorporated on October 10, 2017 under the name of R1 Capital Corp. and changed its name to Reyna Gold Corp. on January 28, 2021. The Company is domiciled in Canada under the Business Corporations Act (British Columbia). Its registered office is 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5.

Since incorporation, the Company’s activity has been mainly focused on the preparation of a prospectus to become listed on the TSX Venture Exchange (the “Exchange”).

These financial statements (the “Financial Statements”) have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has no source of operating revenues and its capacity to operate as a going concern in the near-term will likely depend on its ability to continue raising equity financing and to complete an initial public offering as described below.

2. BASIS OF PREPARATION - STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”). The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. 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 review affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement uncertainty

The preparation of these Financial Statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period.

The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. These estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(b) Share capital

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

(c) Basic loss per share

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 and 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 statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical judgments

The following is the critical judgment that management has made in the process of applying accounting policies and that has the most significant effect on the amounts recognized in the financial statements:

- the determination that the Company will continue as a going concern for the next year.

(e) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income nor loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial instruments

Financial Assets - Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss ("FVTPL"), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified cash and loan receivable as subsequently measured at amortized cost.

Financial Assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its financial assets:

- Subsequently measured at amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period which it arises.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial instruments *(Continued)*

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its trade and other payables as financial liabilities held at amortized cost.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 a major bank in Canada; 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, 2020, the Company had a cash balance of $1,288,694 to settle current liabilities of $67,165.

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.

5. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

6. SHARE CAPITAL

(a) Authorized:

At December 31, 2020, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

On February 12, 2018, the Company closed a non-brokered private placement of 1,077,000 common shares at a price of $0.05 per share for gross proceeds of $53,850, of which $10,000 was received in 2018, $30,000 was received in 2019 and the remaining $13,850 was received in 2020.

On December 31, 2020, the Company closed a non-brokered private placement of 423,000 common shares at a price of $0.05 per share for gross proceeds of $21,150.

(c) Shares subscribed:

During the year-ended December 31, 2020, the Company received $1,202,997 as share subscriptions for the private placements which were completed during the first quarter of fiscal 2021 (Note 9(a)).

7. LOAN RECEIVABLE

The Company loaned $30,000 to an arm’s length party. On June 15, 2021, the loan was repaid in full.

(Presented in Canadian Dollars)

8. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2020	December 31, 2019	December 31, 2018
Net loss for the year	$ 14,834	$ 80	$ 11,548
Statutory tax rate	27.00%	27.00%	27.00%
Expected income tax recovery	4,005	22	3,118
Change in valuation allowance	(4,005)	(22)	(3,118)
Income tax recovery	$ -	$ -	$ -

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

	December 31, 2020	December 31, 2019	December 31, 2018
Loss carry-forwards	$ 7,145	$ 3,140	$ 3,118
Valuation allowance	(7,145)	(3,140)	(3,118)
Net deferred income tax assets	$ -	$ -	$ -

The Company's non-capital loss carry-forwards expire as follows:

	Loss carry-forwards
2037	$ 7
2038	11,548
2039	80
2040	14,834
	$ 26,469

(Presented in Canadian Dollars)

9. SUBSEQUENT EVENTS

(a) Private placements

On February 1, 2021, the Company closed a non-brokered private placement of 7,300,000 common shares at a price of $0.05 per share for gross proceeds of $365,000.

On February 5, 2021, the Company closed a non-brokered private placement of 15,120,658 common shares at a price of $0.12 per share for gross proceeds of $1,814,479.

On March 12, 2021, the Company closed a non-brokered private placement of 7,591,665 common shares at a price of $0.12 per share for gross proceeds of $911,000.

On May 28, 2021, the Company closed a non-brokered private placement of 733,333 common shares at a price of $0.12 per share for gross proceeds of $88,000.

(b) Acquisition of Minera Reyna Dorada S.A. de C.V.

On January 11, 2021, the Company acquired 100% interest in Minera Reyna Dorada S.A. de C.V. which has an option agreement to earn 100% interest in the La Gloria (DASA) gold property in Mexico for $40,000 (paid) and 4,500,000 common shares (issued).

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	
Upon the Fecha de Celebracion ("Effective Date" being September 2, 2020)	US$30,000	(paid)
6 months from the Effective Date	US$60,000	(Subsequently paid after the year-end)
12 months from the Effective Date	US$50,000	
18 months from the Effective Date	US$60,000	
24 months from the Effective Date	US$70,000	
30 months from the Effective Date	US$120,000	
36 months from the Effective Date	US$180,000	
42 months from the Effective Date	US$200,000	
48 months from the Effective Date	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 during 6 months of Commercial Production started, while 1% of which can be bought for US$1,500,000 18 months from the start of Commercial Production and the other 0.5% can be bought for US$1,000,000 36 months from the start of Commercial Production.

9. SUBSEQUENT EVENTS *(Continued)*

(c) La Gloria (Canasta-Dorada) Property

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 and the issuance of up to a maximum of 250,000 common shares. Should the Company enter into the definitive assignment agreement they will be responsible for the mining taxes owed on the claims.

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