REYNA GOLD CORP.
(formerly R1 Capital Corp.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2021

(Unaudited)

Contents

REYNA GOLD CORP.
(formerly R1 Capital Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Presented in Canadian Dollars)

	Note	September 30, 2021	December 31, 2020
ASSETS			
Current			
Cash		$ 11,807,958	$ 1,288,694
Receivables		20,968	-
Prepaid expenses		200,000	-
Loan receivable	7	-	30,000
		12,028,926	1,318,694
Non-current			
Exploration and evaluation assets	5	788,363	-
VAT receivables		77,010	-
		865,373	-
		$ 12,894,299	$ 1,318,694
LIABILITIES			
Current			
Trade and other payables		$ 60,076	$ 67,165
Due to related party	8	111,546	-
		171,622	67,165
SHAREHOLDERS' EQUITY			
Common shares	6	2,910,502	75,001
Common shares subscribed	6	10,473,916	1,202,997
Reserves	6	2,224,662	-
Deficit		(2,886,403)	(26,469)
		12,722,677	1,251,529
		$ 12,894,299	$ 1,318,694

Nature of operations and continuance of operations (Note 1)

Subsequent event (Note 12)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on November 30, 2021.

Approved by the Board of Directors:

"Alex Langer"
Alex Langer

"Jorge Ramiro Monroy"
Jorge Ramiro Monroy

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

REYNA GOLD CORP.
(formerly R1 Capital Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Presented in Canadian Dollars)

	Note	For the three months ended September 30 2021	For the three months ended September 30 2020	For the nine months ended September 30 2021	For the nine months ended September 30 2020
Exploration expenses	5	$ 298,042	$ -	$ 365,145	$ -
Administrative expenses					
Accounting and audit		24,401	-	55,352	-
Bank charges		1,569	36	2,572	54
Consulting		34,691	-	40,061	-
Legal		92,356	-	155,613	-
Listing fees		7,441	-	7,441	-
Management fee		216,000	-	376,000	-
Marketing		54,037	-	60,583	-
Office		20,010	-	27,788	-
Share-based payments		1,775,600	-	1,775,600	-
Foreign exchange		(9,397)	-	(6,083)	-
		2,216,708	36	2,494,927	54
Other items					
Interest income		(102)	-	(138)	-
Net loss before income taxes		2,514,648	36	2,859,934	54
Other comprehensive loss					
Cumulative translation adjustment		22,775	-	38,784	-
Total comprehensive loss for the period		$ 2,537,423	$ 36	$ 2,898,718	$ 54
Basic and diluted loss per share		$ 0.07	$ 0.00	$ 0.09	$ 0.00
Weighted average number of common shares outstanding		38,240,769	1,077,001	31,846,133	1,077,001

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

REYNA GOLD CORP.
(formerly R1 Capital Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Presented in Canadian Dollars)

		Common Shares			Reserves					
	Note	Number of shares	Amount	Shares subscribed	Equity-settled employee benefits	Finder's warrants	Foreign exchange reserve	Total	Deficit	Total shareholders' equity
Balance as at December 31, 2019		1,077,001	$ 53,851	$ (13,850)	$ -	$ -	$ -	$ -	$ (11,635)	$ 28,366
Net loss and comprehensive loss		-	-	-	-	-	-	-	(54)	(54)
Balance as at September 30, 2020		1,077,001	53,851	(13,850)	-	-	-	-	(11,689)	28,312
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		-	-	-	-	-	-	-	(14,780)	(14,780)
Balance as at December 31, 2020		1,500,001	75,001	1,202,997	-	-	-	-	(26,469)	1,251,529
Shares issued:										
Private placements	6(b)	30,745,656	3,178,479	(1,202,997)	-	-	-	-	-	1,975,482
Acquisition of Minera Reyna Dorada S.A. de C.V.	4	4,500,000	225,000	-	-	-	-	-	-	225,000
Pursuant to exploration and evaluation asset agreement	6(b)	2,040,000	244,800	-	-	-	-	-	-	244,800
Management signing bonus	6(b)	300,000	36,000	-	-	-	-	-	-	36,000
In lieu of services rendered	6(b)	1,033,000	123,960	-	-	-	-	-	-	123,960
Finder's shares pursuant to subsription receipt financing		452,774	181,110	-	-	-	-	-	-	181,110
Subscription receipts financing		-	-	10,473,916	-	-	-	-	-	10,473,916
Share issue costs		-	(1,153,848)	-	-	487,846	-	487,846	-	(666,002)
Share-based payments		-	-	-	1,775,600	-	-	1,775,600	-	1,775,600
Net loss and comprehensive loss		-	-	-	-	-	(38,784)	(38,784)	(2,859,934)	(2,898,718)
Balance as at September 30, 2021		**40,571,431**	**$ 2,910,502**	**$ 10,473,916**	**$ 1,775,600**	**$ 487,846**	**$ (38,784)**	**$ 2,224,662**	**$ (2,886,403)**	**$ 12,722,676**

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

REYNA GOLD CORP.
(formerly R1 Capital Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Presented in Canadian Dollars)

	Note	For the nine months ended September 30 2021	2020
Cash provided by (used for):			
Operating activities			
Net loss		$ (2,859,934)	$ (54)
Items not involving cash:			
Management fees		36,000	-
Consulting		123,960	-
Share-based compensation		1,775,600	-
Changes in non-cash working capital items:			
Receivables		(20,968)	-
Prepaid expenses		(200,000)	
VAT receivables		(64,191)	-
Trade and other payables		(63,213)	-
Exchange difference arising on the translation of foreign subsidiaries		(42,330)	-
Cash used in operating activities		(1,315,076)	(54)
Investing activities			
Net expenditures on the exploration and evaluation assets	5	(211,546)	-
Net cash paid for the acquisition of Minera Reyna Dorada SA de CV	4	(4,744)	-
Cash used in investing activities		(216,290)	-
Financing activities			
Proceeds from issuance of common shares and subscription receipts	6	12,449,398	-
Share issue costs		(428,768)	-
Loan receivable	7	30,000	-
Cash provided by financing activities		12,050,630	-
Net increase (decrease) in cash		10,519,264	(54)
Cash - beginning of the period		1,288,694	2,820
Cash - end of the period		$ 11,807,958	$ 2,766
Supplemental disclosure with respect to cash flows:			
Common share issuance pursuant to exploration and evaluation asset acquisition		$ 244,800	$ -
Common share issuance pursuant to acquisition of Minera Reyna Dorada S.A. de C.V.		$ 225,000	$ -
Common shares issuance pursuant to management fees		$ 36,000	$ -
Common shares issuance pursuant to consulting		$ 123,960	$ -
Common shares issuance pursuant to share issue costs		$ 181,110	$ -
Share issue costs included in accounts payable		$ 56,124	$ -

The accompanying notes are an integral part of these condensed consolidated interim 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”) (see Note 12(a)).

These condensed consolidated interim 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

(a) Statement of compliance

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

(b) Basis of preparation

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

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.

(Presented in Canadian Dollars)

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

New adopted accounting policies

Basis of consolidation

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

The Company's subsidiaries are:

	% of ownership	Jurisdiction	Principal activity
Minera Reyna Dorada, S.A.P.I. de C.V.	100%	Mexico	Exploration company
Exploradora San Pedro, S.A.P.I. de C.V.	100%	Mexico	Exploration company

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

New adopted accounting policies *(Continued)*

Foreign currencies

The functional and presentation currency of the Company is the Canadian dollar.

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

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

Subsidiary

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

New adopted accounting policies *(Continued)*

Exploration and evaluation assets

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

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

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

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

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

Impairment of non-financial assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

New adopted accounting policies *(Continued)*

Significant estimates and assumptions

The preparation of these condensed 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.

(Presented in Canadian Dollars)

4. 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 (Note 5(a)) for $40,000 and 4,500,000 common shares valued at $0.05 per share (Note 6(b)) for a total purchase price of $265,000. The Company has recorded the acquisition of Minera Reyna Dorada S.A. de C.V. as an asset acquisition as follows:

Fair value of consideration - purchase price	$	265,000
Identifiable net assets of Minera Reyna Dorada, S.A. de C.V.		
Cash		35,256
Other current assets		12,819
Exploration and evaluation assets		332,017
Due to related party		(115,092)
Total fair value of identifiable net assets acquired	$	265,000

5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

MEXICO

(a) La Gloria (DASA) Property

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 prior to January 11, 2021)
6 months from the Effective Date	US$60,000	(paid)
12 months from the Effective Date	US$50,000	(paid)
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 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.

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

MEXICO *(Continued)*

(b) 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; Note 6(b)). 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 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.

(c) Don Porfirio Property

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).

(d) El Durazno Property

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.

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

MEXICO *(Continued)*

(e) La Centella Property

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$2,000,0000 payable in the Company's shares.

(Presented in Canadian Dollars)

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

MEXICO *(Continued)*

	La Gloria (DASA)	La Gloria (Canasta-Dorada)	Don Porfirio	El Durazno	La Centella	Total
Exploration and evaluation assets						
As of January 1, 2021	$ -	$ -	$ -			$ -
Acquisition during the period	471,800	44,214	12,349	20,000	240,000	788,363
As of September 30, 2021	$ 471,800	$ 44,214	$ 12,349	$ 20,000	$ 240,000	$ 788,363
Mineral exploration expenses for the nine months ended September 30, 2021						
Mineral taxes	$ 1,750	$ 1,749	$ -	$ -	$ 88	$ 3,587
Consulting and reporting	46,490	46,490	-	-	-	92,980
Geology and exploration	117,338	47,185	11,682	-	-	176,205
Mapping	35,628	35,628	-	-	-	71,256
Storage and equipment	8,533	8,533	-	-	-	17,066
Other expenses	1,561	353	2,137	-	-	4,051
	$ 211,300	$ 139,938	$ 13,819	$ -	$ 88	$ 365,145
Cumulative mineral exploration expenses up to September 30, 2021						
Mineral taxes	$ 1,750	$ 1,749	$ -	$ -	$ 88	$ 3,587
Consulting and reporting	46,490	46,490	-	-	-	92,980
Geology and exploration	117,338	47,185	11,682	-	-	176,205
Mapping	35,628	35,628	-	-	-	71,256
Storage and equipment	8,533	8,533	-	-	-	17,066
Other expenses	1,561	353	2,137	-	-	4,051
	$ 211,300	$ 139,938	$ 13,819	$ -	$ 88	$ 365,145

6. SHARE CAPITAL

(a) Authorized:

At September 30, 2021, 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:

<u>During the year ended December 31, 2020:</u>

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.

<u>During the nine months ended September 30, 2021:</u>

On January 11, 2021, the Company issued 4,500,000 common shares at a price of $0.05 per share for a fair value of $225,000 pursuant to the acquisition of Minera Reyna Dorada, S.A. de C.V. including the La Gloria (DASA) property (Note 4).

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.

On May 28, 2021, the Company issued 40,000 common shares at a price of $0.12 per share for a fair value of $4,800 pursuant to the La Gloria (Canasta-Dorada) property agreement (Note 5(b)).

On July 1, 2021, the Company issued 100,000 shares to a company controlled by the Chairman of the Company and 200,000 shares to a company controlled by its Chief Executive Officer at a price of $0.12 per share for a fair value of $36,000 as management bonuses.

On August 30, 2021, the Company issued 2,000,000 common shares at a price of $0.12 per share for a fair value of $240,000 pursuant to the La Centella property agreement (Note 5(e)).

On August 31, 2021, the Company issued 1,033,000 shares at a price of $0.12 per share for a fair value of $123,960 as advisory shares.

On September 3, 2021, the Company issued 438,536 shares at $0.40 per share as a finder's fee pursuant to the subscription receipt financing (Note 6(c)).

On September 10, 2021, the Company issued 14,238 shares at $0.40 per share as a finder's fee pursuant to the subscription receipt financing (Note 6(c)).

6. SHARE CAPITAL *(Continued)*

(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 6(b)).

Subscription receipt financings

On September 3, 2021, the Company closed the first tranche of the non-brokered subscription receipt financing of 23,357,543 subscription receipts ("Subscription Receipts") at a price of $0.40 per Subscription Receipt for gross proceeds of $9,343,017.

The Subscription Receipts will be converted into units ("Units") upon the completion of the public listing (Note 12(a)). Each Unit will consist of one common share and one-half of one warrant. Each full warrant is exercisable at $0.65 for a period of 24 months.

In connection with the first tranche, the Company paid $443,116 cash finder's fee, issued 438,536 shares at $0.40 per share and issued 1,546,325 finder's warrants. Each finder's warrant is exercisable at $0.40 until September 3, 2023.

On September 10, 2021, the Company closed the second tranche of 2,355,912 Subscription Receipts for gross proceeds of $942,365.

In connection with the second tranche, the Company paid $39,270 cash finder's fee, issued 14,238 shares at $0.40 per share and issued 112,413 finder's warrants. Each finder's warrant is exercisable at $0.40 until September 10, 2023.

On September 15, 2021, the Company closed the third tranche of 471,335 Subscription Receipts for gross proceeds of $188,534. In connection of the third tranche, the Company paid $2,506 cash finder's fee and issued 6,265 finder's warrants. Each finder's warrant is exercisable at $0.40 until September 15, 2023.

(Presented in Canadian Dollars)

6. SHARE CAPITAL *(Continued)*

(d) Stock options:

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

Expiry date	Exercise price	December 31, 2020	Granted	Exercised	Expired / Cancelled	Septmber 30, 2021
September 22, 2026	$ 0.40	-	4,825,000	-	-	4,825,000
Options outstanding		-	4,825,000	-	-	4,825,000
Options exercisable		-	4,450,000	-	-	4,450,000
Weighted average exercise price		$ -	$ 0.40	$ -	$ -	$ 0.40

As at September 30, 2021, the weighted average contractual remaining life of options is 4.98 years (December 31, 2020 – Nil). The weighted average fair value of stock options granted during the nine months ended September 30, 2021 was $0.40 (September 30, 2020 - $Nil).

The weighted average assumptions used to estimate the fair value of options for the nine months ended September 30, 2021 were as follows:

	2021
Expected dividend yield	0.00%
Expected stock price volatility	156.28%
Risk-free interest rate	0.92%
Forfeiture rate	0.00%
Expected life of options	5 years

(e) Finder's warrants:

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

Expiry date	Exercise price	December 31, 2020	Issued	Exercised	Expired	Septmber 30, 2021
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 weighted average assumptions used to estimate the fair value of finder's warrants for the nine months ended September 30, 2021 were as follows:

	2021
Expected dividend yield	0.00%
Expected stock price volatility	156.28%
Risk-free interest rate	0.38%-0.41%
Forfeiture rate	0.00%
Expected life of options	2 years

(Presented in Canadian Dollars)

7. LOAN RECEIVABLE

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

8. DUE TO RELATED PARTY

As at September 30, 2021, the Company owed US$90,000 ($111,546) (December 31, 2020 - $nil) to Reyna Silver Limited, a private company controlled by two directors of the Company. The amount is non-interest bearing, unsecured and has no fixed term of repayment.

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:

	Cash payments	Shares issued	Share-based payments	TOTAL
Jorge Ramiro Monroy [1] Director	$ 180,000	$ 12,000	$ 294,400	$ 486,400
Michael Wood [2] Chief Executive Officer, Director	$ 160,000	$ 24,000	$ 368,000	$ 552,000
Winnie Wong [3] Chief Financial Officer, Director	$ 36,010	$ -	$ 88,320	$ 124,330
Alex Langer Director	$ -	$ -	$ 147,200	$ 147,200
Steve Robertson [4] Director	$ -	$ 12,000	$ 92,000	$ 104,000
Castulo Molina Sotelo Director	$ -	$ 12,000	$ 92,000	$ 104,000

Related party transactions and balances:

Amounts included in Trade and other payables:	Services for:	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020	As at September 30, 2021	As at December 31, 2020
Emerging Markets Capital	Management fee	$ 192,000	$ -	$ -	$ -
Athena Jade Limited	Management fee	184,000	-	-	-
Pacific Opportunity Capital Ltd.	Accounting	36,010	-	-	-
Total		$ 412,010	$ -	$ -	$ -

(1) Jorge Ramiro Monroy's cash payments were paid through Emerging Markets Capital, a company that 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) The common shares were issued to Steve Robertson's company Western Blue Sky Management Corp.

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.

9. 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 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 September 30, 2021, the Company had a cash balance of $11,807,958 to settle current liabilities of $171,622.

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 2,784,000 Mexican pesos. A 1% change in the absolute rate of exchange in Mexican pesos would affect its net loss by approximately $2,360.

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.

10. 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.

11. SEGMENTED FINANCIAL INFORMATION

The Company operates in one industry segment, being the acquisition and exploration of mineral properties and all its non-current assets and mineral exploration expenses are in one geographic location being Mexico.

12. SUBSEQUENT EVENT

(a) Public listing

On September 30, 2021, the Company filed a preliminary prospectus with the British Columbia and Alberta Securities Commissions in order to list its common shares, including the common shares upon the conversion of Subscription Receipts (Note 6(c)), in British Columbia and Alberta.