



REYNA GOLD

**REYNA GOLD CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023

(Unaudited)

# REYNA GOLD CORP.

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## Contents

|  | Page   |
|--|--------|
| Notice of No Auditor Review of Interim Financial Statements                  | 3      |
| Condensed Consolidated Interim Statements of Financial Position              | 4      |
| Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss | 5      |
| Condensed Consolidated Interim Statements of Changes in Shareholders' Equity | 6      |
| Condensed Consolidated Interim Statements of Cash Flows                      | 7      |
| Notes to the Condensed Consolidated Interim Financial Statements             | 8 - 21 |

**NOTICE OF NO AUDITOR REVIEW OF  
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**REYNA GOLD CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited)

(Presented in Canadian Dollars)

|                                   | <b>Note</b> | <b>March 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------------|-------------|---------------------------|------------------------------|
|                                   |             | (Unaudited)               | (Audited)                    |
| <b>ASSETS</b>                     |             |                           |                              |
| <b>Current</b>                    |             |                           |                              |
| Cash                              |             | \$ 4,714,465              | \$ 5,771,307                 |
| Receivables                       |             | 4,786                     | 2,609                        |
| Prepaid expenses                  |             | 159,838                   | 128,108                      |
|                                   |             | <u>4,879,089</u>          | <u>5,902,024</u>             |
| <b>Non-current</b>                |             |                           |                              |
| Exploration and evaluation assets | 4           | 1,388,633                 | 1,174,248                    |
| VAT receivables                   |             | 713,887                   | 585,121                      |
|                                   |             | <u>2,102,520</u>          | <u>1,759,369</u>             |
|                                   |             | <u>\$ 6,981,609</u>       | <u>\$ 7,661,393</u>          |
| <b>LIABILITIES</b>                |             |                           |                              |
| <b>Current</b>                    |             |                           |                              |
| Trade and other payables          |             | \$ 102,062                | \$ 27,965                    |
| Due to related parties            | 6           | 21,000                    | 21,000                       |
|                                   |             | <u>123,062</u>            | <u>48,965</u>                |
| <b>SHAREHOLDERS' EQUITY</b>       |             |                           |                              |
| Common shares                     | 5           | 13,420,668                | 13,420,668                   |
| Reserves                          | 5           | 2,613,662                 | 2,503,388                    |
| Deficit                           |             | (9,175,783)               | (8,311,628)                  |
|                                   |             | <u>6,858,547</u>          | <u>7,612,428</u>             |
|                                   |             | <u>\$ 6,981,609</u>       | <u>\$ 7,661,393</u>          |

Nature of operations and continuance of operations (Note 1)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 26, 2023.

Approved by the Board of Directors:

*"Alex Langer"*\_\_\_\_\_  
Alex Langer*"Jorge Ramiro Monroy"*\_\_\_\_\_  
Jorge Ramiro Monroy

**REYNA GOLD CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**

(Unaudited)

(Presented in Canadian Dollars)

|  |             | <b>For the</b>                     |                     |
|--|-------------|------------------------------------|---------------------|
|  |             | <b>three months ended March 31</b> |                     |
|  | <b>Note</b> | <b>2023</b>                        | <b>2022</b>         |
| Exploration expenses                                 | 4           | \$ 454,162                         | \$ 461,423          |
| Administrative expenses                              |             |                                    |                     |
| Accounting and audit                                 | 6           | 32,609                             | 32,223              |
| Bank charges   |             | 202                                | 1,343               |
| Consulting   | 6           | 31,967                             | 76,474              |
| Legal  |             | -                                  | 8,535               |
| Listing fees   |             | 30,960                             | 8,173               |
| Management and director fees                         | 6           | 126,248                            | 232,496             |
| Marketing  |             | 146,446                            | 355,474             |
| Office   |             | 26,808                             | 37,098              |
| Share-based payments                                 |             | 4,399                              | -                   |
| Foreign exchange loss                                |             | 17,828                             | 11,116              |
|  |             | <u>417,467</u>                     | <u>762,932</u>      |
| Other items  |             |                                    |                     |
| Interest income                                      |             | <u>(7,474)</u>                     | <u>(135)</u>        |
| Net loss before income taxes                         |             | <u>864,155</u>                     | <u>1,224,220</u>    |
| Other comprehensive loss                             |             |                                    |                     |
| Cumulative translation adjustment                    |             | <u>(105,874)</u>                   | <u>(7,531)</u>      |
| Total comprehensive loss for the period              |             | <u>\$ 758,281</u>                  | <u>\$ 1,216,689</u> |
| Basic and diluted loss per share                     |             | <u>\$ 0.01</u>                     | <u>\$ 0.02</u>      |
| Weighted average number of common shares outstanding |             | <u>67,006,221</u>                  | <u>66,756,221</u>   |

**REYNA GOLD CORP.**

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited)

(Presented in Canadian Dollars)

|  | Note | Common Shares     |                      | Reserves                         |                   |                          | Total               | Deficit               | Total shareholders' equity |
|--|------|-------------------|----------------------|----------------------------------|-------------------|--------------------------|---------------------|-----------------------|----------------------------|
|  |      | Number of shares  | Amount               | Equity-settled employee benefits | Finder's warrants | Foreign exchange reserve |                     |                       |                            |
| <b>Balance as at December 31, 2021</b>                 |      | 66,756,221        | \$ 13,384,418        | \$ 1,775,600                     | \$ 487,846        | \$ (54,126)              | \$ 2,209,320        | \$ (3,597,959)        | \$ 11,995,779              |
| Net loss and comprehensive loss                        |      | -                 | -                    | -                                | -                 | 7,531                    | 7,531               | (1,224,220)           | (1,216,689)                |
| <b>Balance as at March 31, 2022</b>                    |      | <b>66,756,221</b> | <b>13,384,418</b>    | <b>1,775,600</b>                 | <b>487,846</b>    | <b>(46,595)</b>          | <b>2,216,851</b>    | <b>(4,822,179)</b>    | <b>10,779,090</b>          |
| Shares issued:   |      |                   |                      |                                  |                   |                          |                     |                       |                            |
| Pursuant to exploration and evaluation asset agreement | 5(b) | 250,000           | 36,250               | -                                | -                 | -                        | -                   | -                     | 36,250                     |
| Share-based payments                                   |      | -                 | -                    | 137,239                          | -                 | -                        | 137,239             | -                     | 137,239                    |
| Net loss and comprehensive loss                        |      | -                 | -                    | -                                | -                 | 149,298                  | 149,298             | (3,489,449)           | (3,340,151)                |
| <b>Balance as at December 31, 2022</b>                 |      | <b>67,006,221</b> | <b>13,420,668</b>    | <b>1,912,839</b>                 | <b>487,846</b>    | <b>102,703</b>           | <b>2,503,388</b>    | <b>(8,311,628)</b>    | <b>7,612,428</b>           |
| Shares issued:   |      |                   |                      |                                  |                   |                          |                     |                       |                            |
| Share-based payments                                   |      | -                 | -                    | 4,399                            | -                 | -                        | 4,399               | -                     | 4,399                      |
| Net loss and comprehensive loss                        |      | -                 | -                    | -                                | -                 | 105,874                  | 105,874             | (864,155)             | (758,281)                  |
| <b>Balance as at March 31, 2023</b>                    |      | <b>67,006,221</b> | <b>\$ 13,420,668</b> | <b>\$ 1,917,238</b>              | <b>\$ 487,846</b> | <b>\$ 208,578</b>        | <b>\$ 2,613,662</b> | <b>\$ (9,175,783)</b> | <b>\$ 6,858,547</b>        |

**REYNA GOLD CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited)

(Presented in Canadian Dollars)

|   | <b>For the</b>                     |                            |
|---|------------------------------------|----------------------------|
|   | <b>three months ended March 31</b> |                            |
| <b>Note</b>   | <b>2023</b>                        | <b>2022</b>                |
| <b>Cash provided by (used for):</b>                       |                                    |                            |
| <b>Operating activities</b>                               |                                    |                            |
| Net loss  | \$ (864,155)                       | \$ (1,224,220)             |
| Items not involving cash:                                 |                                    |                            |
| Share-based payments                                      | 4,399                              | -                          |
| Changes in non-cash working capital items:                |                                    |                            |
| Receivables   | (2,177)                            | (7,001)                    |
| Prepaid expenses  | (31,730)                           | 57,721                     |
| VAT receivables   | (128,766)                          | (84,510)                   |
| Trade and other payables                                  | 74,097                             | (40,174)                   |
| Due to related parties                                    | -                                  | (4,598)                    |
| Foreign exchange  | 56,681                             | 7,531                      |
| Cash used in operating activities                         | <u>(891,651)</u>                   | <u>(1,295,251)</u>         |
| <b>Investing activities</b>                               |                                    |                            |
| Net expenditures on the exploration and evaluation assets | 4 <u>(165,191)</u>                 | <u>(76,940)</u>            |
| Cash used in investing activities                         | <u>(165,191)</u>                   | <u>(76,940)</u>            |
| <b>Net decrease in cash</b>                               | (1,056,842)                        | (1,372,191)                |
| <b>Foreign exchange effect on cash</b>                    | 49,194                             | -                          |
| <b>Cash - beginning of the period</b>                     | <u>5,771,307</u>                   | <u>10,869,053</u>          |
| <b>Cash - end of the period</b>                           | <u><u>\$ 4,763,659</u></u>         | <u><u>\$ 9,496,862</u></u> |

**REYNA GOLD CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

**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. On January 11, 2022, the Company completed its initial public listing and began trading on the TSX Venture Exchange (the “Exchange”) under the symbol “REYG”. On March 15, 2022, the Company began trading on the OTCQB Markets Exchange in the United States under the symbol “REYGF”.

The Company’s principal business activity is the acquisition and exploration of mineral properties.

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.

From December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and physical distancing, caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The full impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the severity of these developments and the impact on the financial results and condition of the Company in the future.

Management’s plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary should the Company be unable to continue in existence.

|                 | March 31,<br>2023 | December 31,<br>2022 |
|-----------------|-------------------|----------------------|
| Deficit         | \$ (9,175,783)    | \$ (8,311,628)       |
| Working capital | \$ 4,756,027      | \$ 5,853,059         |



**REYNA GOLD CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

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**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.

**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, 2022.

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, 2022. 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 three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2023.

**REYNA GOLD CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

**4. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES****MEXICO****(a) La Gloria Property**

Under the terms of the option agreement acquired with Minera Reyna Dorada S.A. de C.V., the Company can earn a 100% interest in the La Gloria (DASA) property by paying US\$1,200,000 over a 4-year period:

| <b>Period</b>     | <b>Payment</b> |        |
|-------------------|----------------|--------|
| September 2, 2020 | US\$30,000     | (paid) |
| 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) |
| 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.

**REYNA GOLD CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

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

**MEXICO** *(Continued)*

**(a) La Gloria Property** *(Continued)*

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).

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 in April 2022) and the issuance of up to a maximum of 250,000 common shares (issued in November 2022; Note 5(b)). 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.

**(b) 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). The Company and the owner of the property are in the process of applying to the Mexican Mining Bureau for the revocation of the cancellation of certain claims.

The Company exercised 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).

**(c) 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 a 51% interest in the El Durazno property by paying \$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.

**REYNA GOLD CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

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

**MEXICO** *(Continued)*

**(d) 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). 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 January 11, 2022, 200,000 common shares were released pursuant to this lock-up agreement. Another 300,000 common shares were released pursuant to this lock-up agreement in July 2022. Subsequently, another 300,000 common shares were released in January 2023.

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. Should the Company exercise the option and earn a 100% interest in the property, they will be responsible for the mining taxes owed on the claims in the amount of 6,637,467 Mexican pesos (approximately \$400,000).

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.

**REYNA GOLD CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

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

|  | La Gloria    | Don Porfirio | El Durazno | La Centella | Total        |
|--|--------------|--------------|------------|-------------|--------------|
| <b>Exploration and evaluation assets</b>                                 |              |              |            |             |              |
| <b>As of January 1, 2022</b>   | \$ 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       |
| <b>As of December 31, 2022</b>   | 900,440      | 13,808       | 20,000     | 240,000     | 1,174,248    |
| Acquisition during the period  | 165,191      | -            | -          | -           | 165,191      |
| Foreign currency translation   | 48,092       | 1,102        | -          | -           | 49,194       |
| <b>As of March 31, 2023</b>  | \$ 1,113,723 | \$ 14,910    | \$ 20,000  | \$ 240,000  | \$ 1,388,633 |
| <b>Mineral exploration expenses for the period ended March 31, 2023</b>  |              |              |            |             |              |
| Mineral taxes  | \$ 2,361     | \$ -         | \$ -       | \$ -        | \$ 2,361     |
| Geology and exploration  | 388,032      | -            | -          | -           | 388,032      |
| Storage and equipment  | 63,769       | -            | -          | -           | 63,769       |
|  | \$ 454,162   | \$ -         | \$ -       | \$ -        | \$ 454,162   |
| <b>Mineral exploration expenses for the year ended December 31, 2022</b> |              |              |            |             |              |
| 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 |
| <b>Cumulative mineral exploration expenses up to March 31, 2023</b>      |              |              |            |             |              |
| Mineral taxes  | \$ 8,793     | \$ 60        | \$ -       | \$ 87       | \$ 8,940     |
| Geology and exploration  | 2,284,958    | 14,031       | -          | 1,395       | 2,300,384    |
| Storage and equipment  | 213,258      | -            | -          | -           | 213,258      |
| Drilling   | 775,666      | -            | -          | -           | 775,666      |
|  | \$ 3,473,645 | \$ 16,215    | \$ -       | \$ 1,482    | \$ 3,491,342 |

**REYNA GOLD CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

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**5. SHARE CAPITAL**

(a) Authorized:

At March 31, 2023, 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:

During the year ended December 31, 2022:

On November 8, 2022, the Company issued 250,000 common shares at a price of \$0.145 per share for a fair value of \$36,250 pursuant to the La Gloria (Canasta-Dorada) property agreement (Note 5(a)).

(c) Escrow shares:

9,079,000 common shares were placed in escrow in accordance with the escrow agreement dated December 3, 2021, where 10% of the escrowed common shares were released on January 11, 2022, and 15% of the escrowed common shares were released on July 11, 2022. The remaining escrowed shares will be released 15% every six months thereafter. As at March 31, 2023, 5,447,400 common shares were held in escrow.

1,000,000 common shares were placed in escrow in accordance with the escrow agreement dated December 6, 2021, where 10% of the escrowed common shares were released on January 11, 2022, and 15% of the escrowed common shares were released on July 11, 2022. The remaining escrowed shares will be released 15% every six months thereafter. As at March 31, 2023, 600,000 common shares were held in escrow.

(d) Stock options and restricted share units:

The Company has a 10% rolling Security Based Compensation Plan ("SBC Plan") whereby a maximum of 10% of the Company's shares can be issuable under the SBC Plan. The SBC Plan consists of stock options and restricted share units ("RSUs"). The Board of Directors of the Company determines the number of options to be granted, exercise prices, expiry dates and vesting conditions. The Board of Directors of the Company also determines the number of RSUs to be granted and the vesting conditions with the minimum of one year vesting period on all RSUs. RSUs have no exercise price and will be converted into common shares upon vesting.

**REYNA GOLD CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

**5. SHARE CAPITAL (Continued)**

## (d) Stock options and restricted share units: (Continued)

Stock option transactions and the number of stock options for the three months ended March 31, 2023 are summarized as follows:

| Expiry date                     | Exercise price | December 31, 2022 | Granted | Exercised | Expired / Cancelled | March 31, 2023 |         |
|---------------------------------|----------------|-------------------|---------|-----------|---------------------|----------------|---------|
| 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             |                | 6,445,000         | -       | -         | -                   | 6,445,000      |         |
| Options exercisable             |                | 6,320,000         | -       | -         | -                   | 6,382,500      |         |
| Weighted average exercise price | \$             | 0.37              | \$      | -         | \$                  | -              | \$ 0.37 |

As at March 31, 2023, the weighted average contractual remaining life of options is 3.71 years (December 31, 2022 – 3.95 years). The weighted average fair value of stock options granted during the three months ended March 31, 2023 was \$0.37 (December 31, 2022 - \$0.37).

Stock option transactions and the number of stock options for the years 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 weighted average assumptions used to estimate the fair value of options for the three months ended March 31, 2023 and 2022 were as follows:

|                                 | 2023 | 2022 |
|---------------------------------|------|------|
| Expected dividend yield         | N/A  | N/A  |
| Expected stock price volatility | N/A  | N/A  |
| Risk-free interest rate         | N/A  | N/A  |
| Forfeiture rate                 | N/A  | N/A  |
| Expected life of options        | N/A  | N/A  |

**REYNA GOLD CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

**5. SHARE CAPITAL (Continued)**(d) Stock options and restricted share units: *(Continued)*

RSU transactions and the number of RSUs for the three months ended March 31, 2023 are summarized as follows:

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

As at March 31, 2023, the weighted average contractual remaining life of RSUs is 0.28 years (December 31, 2022 – 0.53 years).

RSU transactions and the number of RSUs for the year ended December 31, 2022, are summarized as follows:

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

(e) Warrants:

The continuity of warrants for the three months ended March 31, 2023 is as follows:

| Expiry date                     | Exercise price | December 31, |         | Issued | Exercised | Expired | March 31, 2023 |
|---------------------------------|----------------|--------------|---------|--------|-----------|---------|----------------|
|                                 |                | 2022         | Granted |        |           |         |                |
| 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        |

As at March 31, 2023, the weighted average contractual remaining life of warrants is 0.71 years (December 31, 2022 – 0.95 years).

The continuity of warrants for the year ended December 31, 2022 is as follows:

| Expiry date                     | Exercise price | December 31, |         | Issued | Exercised | Expired | December 31, 2022 |
|---------------------------------|----------------|--------------|---------|--------|-----------|---------|-------------------|
|                                 |                | 2021         | Granted |        |           |         |                   |
| 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           |



**REYNA GOLD CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

**5. SHARE CAPITAL (Continued)**

(f) Finder's warrants:

The continuity of finder's warrants for the three months ended March 31, 2023 is as follows:

| <b>Expiry date</b>              | <b>Exercise price</b> | <b>December 31, 2022</b> | <b>Issued</b> | <b>Exercised</b> | <b>Expired</b> | <b>March 31, 2023</b> |    |      |
|---------------------------------|-----------------------|--------------------------|---------------|------------------|----------------|-----------------------|----|------|
| 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 |

As at March 31, 2023, the weighted average contractual remaining life of finder's warrants is 0.43 years (December 31, 2022 – 0.68 years).

The continuity of finder's warrants for the year ended December 31, 2022 is as follows:

| <b>Expiry date</b>              | <b>Exercise price</b> | <b>December 31, 2021</b> | <b>Issued</b> | <b>Exercised</b> | <b>Expired</b> | <b>December 31, 2022</b> |    |      |
|---------------------------------|-----------------------|--------------------------|---------------|------------------|----------------|--------------------------|----|------|
| 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 |

**REYNA GOLD CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

**6. DUE TO 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 three months ended March 31, 2023:

|  | Cash payments | Shares issued | Share-based payments | TOTAL     |
|--|---------------|---------------|----------------------|-----------|
| Jorge Ramiro Monroy <sup>(1)</sup><br>Director                   | \$ 49,998     | \$ -          | \$ -                 | \$ 49,998 |
| Michael Wood <sup>(2)</sup><br>Chief Executive Officer, Director | \$ 60,000     | \$ -          | \$ -                 | \$ 60,000 |
| Winnie Wong <sup>(3)</sup><br>Chief Financial Officer            | \$ 30,000     | \$ -          | \$ -                 | \$ 30,000 |
| Alex Langer <sup>(5)</sup><br>Director                           | \$ 5,000      | \$ -          | \$ -                 | \$ 5,000  |
| Steve Robertson <sup>(6)</sup><br>Director                       | \$ 6,750      | \$ -          | \$ -                 | \$ 6,750  |
| Castulo Molina Sotelo <sup>(7)</sup><br>Director                 | \$ 3,750      | \$ -          | \$ -                 | \$ 3,750  |
| Peter Jones <sup>(8)</sup><br>Director                           | \$ 3,750      | \$ -          | \$ -                 | \$ 3,750  |

For the three months ended March 31, 2022:

|  | Cash payments | Shares issued | Share-based payments | TOTAL      |
|--|---------------|---------------|----------------------|------------|
| Jorge Ramiro Monroy <sup>(1)</sup><br>Director                   | \$ 99,996     | \$ -          | \$ -                 | \$ 99,996  |
| Michael Wood <sup>(2)</sup><br>Chief Executive Officer, Director | \$ 120,000    | \$ -          | \$ -                 | \$ 120,000 |
| Winnie Wong <sup>(3)</sup><br>Chief Financial Officer            | \$ 30,000     | \$ -          | \$ -                 | \$ 30,000  |
| Alex Langer <sup>(5)</sup><br>Director                           | \$ 5,000      | \$ -          | \$ -                 | \$ 5,000   |
| Steve Robertson <sup>(6)</sup><br>Director                       | \$ 3,750      | \$ -          | \$ -                 | \$ 3,750   |
| Castulo Molina Sotelo <sup>(7)</sup><br>Director                 | \$ 3,750      | \$ -          | \$ -                 | \$ 3,750   |

**REYNA GOLD CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

**6. DUE TO RELATED PARTIES (Continued)**

Related party transactions and balances:

| Amounts included in Trade and other payables:    | Services for:                 | For the three months ended |                   | As at March      | As at December   |
|--|-------------------------------|----------------------------|-------------------|------------------|------------------|
|  |                               | March 31, 2023             | March 31, 2022    | 31, 2023         | 31, 2022         |
| Emerging Markets Capital                         | Management fee and rent       | \$ 49,998                  | \$ 99,996         | \$ -             | \$ -             |
| Athena Jade Limited                              | Management fee                | 60,000                     | 120,000           | -                | -                |
| Andros Capital Corp. <sup>(5)</sup>              | Director's fee                | 5,000                      | 5,000             | -                | -                |
| Western Blue Sky Management Corp. <sup>(6)</sup> | Consulting and director's fee | 6,750                      | 3,750             | -                | -                |
| San Miguel Exploration SC. <sup>(7)</sup>        | Director's fee                | 3,750                      | 3,750             | -                | -                |
| Peter Jones <sup>(8)</sup>                       | Director's fee                | 3,750                      | -                 | -                | -                |
| Pacific Opportunity Capital Ltd.                 | Accounting                    | 30,000                     | 30,000            | 21,000           | 21,000           |
| <b>Total</b>                                     |                               | <b>\$ 159,248</b>          | <b>\$ 262,496</b> | <b>\$ 21,000</b> | <b>\$ 21,000</b> |

<sup>(1)</sup> Jorge Ramiro Monroy's cash payments were paid through Emerging Markets Capital, a company of which Mr. Monroy has control.

<sup>(2)</sup> Michael Wood's cash payments as the Chief Executive Officer were paid through Athena Jade Limited, a private company owned by Mr. Wood.

<sup>(3)</sup> 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.

<sup>(5)</sup> Alex Langer's director fee was paid to his company Andros Capital Corp.

<sup>(6)</sup> Steve Robertson's consulting and director fee was paid to his company Western Blue Sky Management Corp.

<sup>(7)</sup> Cacho Molina Sotelo's director fee was paid to his company San Miguel Exploration SC.

<sup>(8)</sup> 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.

**REYNA GOLD CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

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**7. 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 March 31, 2023, the Company had a cash balance of \$4,714,465 to settle current liabilities of \$123,063.

## 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 assets of approximately 11,389,000 Mexican pesos. A 1% change in the absolute rate of exchange in Mexican pesos would affect its net monetary assets by approximately \$9,000.

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.

**8. 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 year. The Company is not subject to externally imposed capital requirements.

**REYNA GOLD CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Unaudited)

(Presented in Canadian Dollars)

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**9. 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.