



**REYNA GOLD CORP.**  
*(An Exploration Stage Company)*

**Management Discussion and Analysis  
For the Year Ended December 31, 2023**

**Dated: April 26, 2024**

410-325 Howe Street  
Vancouver, British Columbia, Canada  
V6C 1Z7



## INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Reyna Gold Corp. ("Reyna Gold" or the "Company") and has been prepared based on information known to management as of April 26, 2024.

The MD&A is intended to complement and supplement the Company's consolidated financial statements, but it does not form part of those consolidated financial statements. The MD&A should be read in conjunction with the audited consolidated financial statements and the related notes for the years ended December 31, 2023 and 2022 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included in those financial statements and/or this MD&A are quoted in Canadian dollars unless otherwise specified.

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

## FORWARD LOOKING STATEMENTS

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

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

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

## ADDITIONAL INFORMATION

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



## SUMMARY AND OUTLOOK

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

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

The Company completed its initial public listing on the TSX Venture Exchange (the "Exchange") and began trading under the symbol "REYG" in January 2022.

On April 20, 2023, the Company announced that Bethany Terracina joined as the vice-president of investor relations.

For the 2024 fiscal year, the Company continues to monitor its cash very closely and focuses on key objectives to improve shareholder value.

Additional Mineral Property information, including 2023 and 2022 activity, can be found in Section 3 and more detailed Mineral Property information can be found on the Company's website at <https://reynagold.com/>.

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

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



# REYNA GOLD

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## **1. Background**

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

## **2. Overview**

### **2(a) Company Mission and Focus**

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

### **2(b) Qualified Person**

Ariel Navarro has acted as the Qualified Person as defined in National Instrument 43-101 for this disclosure and supervised the preparation of the technical information in this MD&A. Mr. Navarro has a B.Sc. in Geology and an M.Sc. in Plate Tectonic and Structural Geology with more than 20 years of relevant experience exploring the Mexican Republic and the southern United States. He is a Registered Professional Geoscientist (Reg. NC-003 PC) with the College of Mining Engineers, Metallurgists and Geologists of Mexico, A. C. Mr. Navarro is not independent as he is on the technical team of Reyna Gold Corp. Mr. Navarro is satisfied that the results are verified based on a review of the field program details, imagery data, a review of sampling procedures, sample results, the credentials of the professionals completing the work, and the nature of the gold mineralization in a well-known district for the style of mineralization.

### **2(c) Description of Metal Markets**

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

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

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

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

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



### **3. Mineral Properties**

The Company's mineral properties are in Mexico.

i. La Gloria Property

Acquisition terms:

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

On September 1, 2023, the Company terminated the option agreement and wrote off \$895,684 as of December 31, 2023.

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 retained the option to enter into a definitive assignment agreement with the owner whereby the company earned a 100% interest in the property in exchange for a maximum of US\$100,000 (paid in April 2022) and the issuance of 250,000 common shares (issued in November 2022). The Company is responsible for the mining taxes owed on the claims in the amount of 59,459,228 Mexican pesos (approximately \$3.7 million).

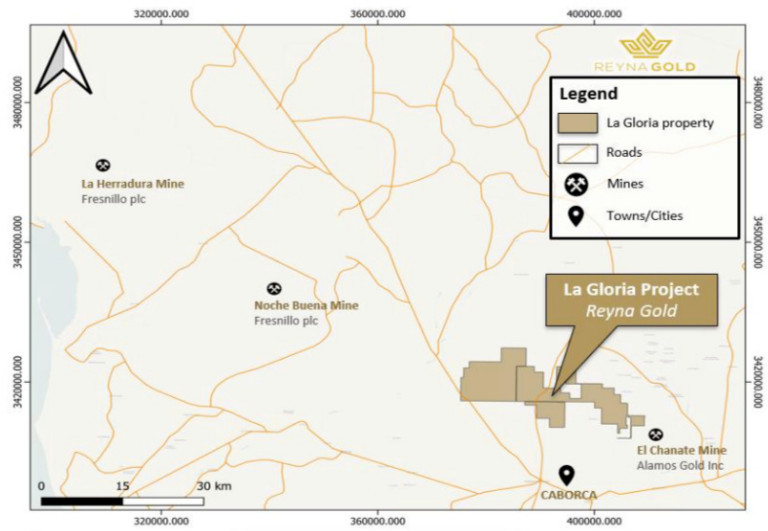
The owner retained a 2.0% net smelter returns royalty on the property, of which each 1.0% can be purchased by the Company at any time for US\$1,000,000.

Property description:

The La Gloria project, which consists of 4 mining claims covering 24,055.19 hectares in the Sierra La Gloria, about 20 km north of the town of Caborca, in northwestern Sonora, Mexico. Several gold prospects have been identified on the project area. Past operators of the project focused exploration efforts on the Los Basureros claims (Big Pit, Pique Viejo, and Placeres areas), as well as at the La Republicana, Alamo Muerto-Canasta Dorada, and Las Quintas areas.

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

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



#### Exploration work:

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

#### Highlights:

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

Surface Samples Highlights:

Table 1 - Las Carmelitas:

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



Table 2 - Western:

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

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

Table 3 - La Republicana:

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

On March 30, 2023, the Company announced that it started mobilizing for 5,500 metre phase 2 drilling at La Gloria across four target areas: La Republicana, Western, Las Carmelitas, and Main zone:

- Drilling is planned to start at La Republicana, with 20 holes planned for 2,500 metres;
- La Republicana drilling will test extensions to the La Republicana Main vein, which produced a diamond drill result of 59.00 metres grading 1.45 grams per tonne gold in phase 1 drilling (see news release dated September 7, 2022) and test new intrusive-hosted targets;
- The La Republicana Main vein had been mapped for one kilometre at surface; this had been corroborated by the induced polarization (IP) survey, which also showed potential parallel structures that widen the target to 600 metres;
- Intrusive hosted targets had been identified at depth through the IP survey on the western side of La Republicana;
- Diamond drill rig was on site and drilling started in early April after the initial access road and drill pads were completed.

On July 27, 2023, the Company announced results from the first 10 drill holes for a total of 1,328 metres of a planned 5,500 m from phase 2 drilling at its La Gloria property:

- Initial successful stepout drill holes at La Republicana zone around discovery hole LG-22-30 (59 metres of 1.45 grams per tonne (g/t) gold).
- LG-23-39: 21.10 m of 1.09 g/t gold;
- LG-23-32: 19.90 m of 0.96 g/t gold and 10.10 m of 0.46 g/t gold;
- LG-23-40: 19.05 m of 0.76 g/t gold;
- Two initial holes into Western zone targeting a large induced polarization anomaly produced long intersections of anomalies of zinc and molybdenum with high levels of sulphides (pyrite, pyrrhotite and chalcopyrite) and multiple gold intersections correlated with bismuth, adding to the evidence of potential proximity to a mineralized porphyry system.

ii. Don Porfirio Property

Acquisition terms:

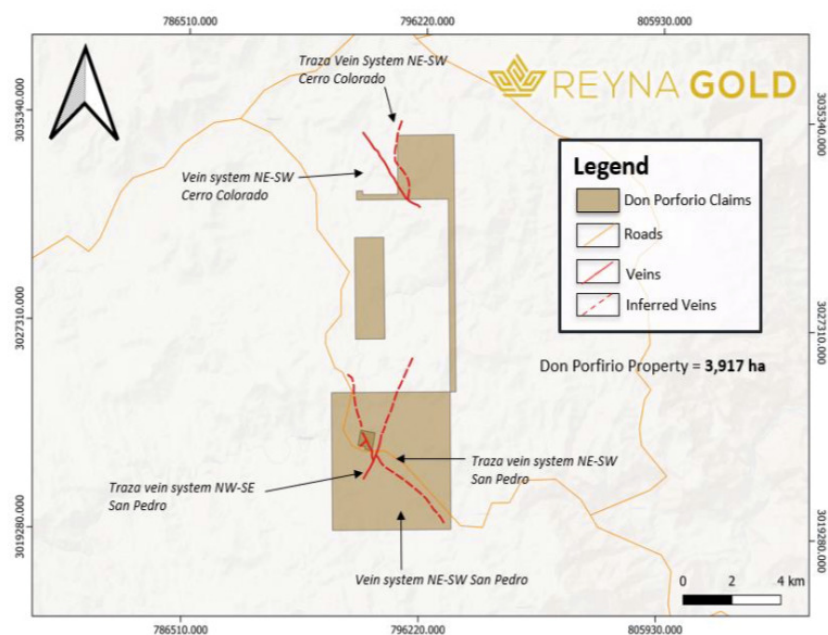
On April 26, 2021, the Company entered into an agreement whereby it acquired exclusive access to the Don Porfirio Property for a period of twelve months in exchange for US\$10,000 (paid). During this time, the Company and the owner of the property intend to apply to the Mexican Mining Bureau for the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

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

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

Property description:

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



iii. El Durazno Property

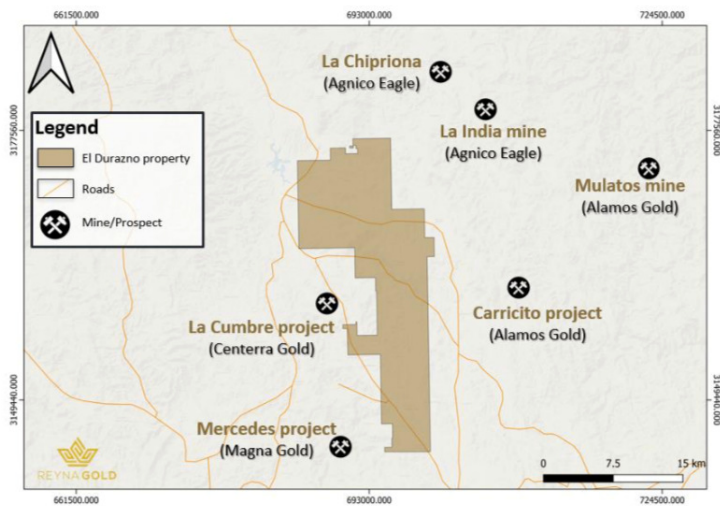
Acquisition terms:

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

RSLV and the Company have directors in common.

Property description:

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



iv. La Centella Property

Acquisition terms:

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

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

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

Property description:

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



v. Gryphon Summit:

On August 29, 2023, the Company and RSLV have entered into a property option agreement (the “Agreement”) with Golden Gryphon USA Inc. (“Gryphon”), to jointly earn up to a 70% interest in the Gryphon Summit Property, located in Eureka and Elko counties, Nevada. The Gryphon property comprises 1286 unpatented and 8 patented lode mining claims located in the Diablo Range, which lies in an area of excellent infrastructure between the Carlin and Eureka-Battle Trends of north-central Nevada.

The Company and RSLV have formed an unincorporated joint venture for the purpose of holding the option (the “Reyna JV”). The option is subject to the Reyna JV performing the following by April 30, 2027:

- (i) Expend a total of US\$9,500,000 on the property.
- (ii) Make cash payments to Gryphon jointly in the aggregate amount of US\$1,100,000; and
- (iii) Issue a total of 1,200,000 common shares in the capital of the Company and 1,200,000 common shares in the capital of RSLV to Gryphon. Upon completion of the option, Gryphon and Reyna JV will enter a joint venture to continue exploration and development of the Project.

To complete its full 70% earn-in under the Agreement, Reyna JV must complete the following:

<b>Date/Period</b>	<b>Cash Payments</b>	<b>Company Shares Of the Company</b>	<b>Expenditures</b>
On the Effective Date	US\$100,000 (paid)	None	None
With 5 business days of the acceptance of the agreement	None	125,000 (issued)	None
On or before April 30, 2024	US\$100,000	None	US\$500,000
On or before October 31, 2024	US\$100,000	None	None
On or before April 30, 2025	US\$150,000	125,000	US\$2,000,000
On or before October 31, 2025	US\$150,000	None	None
On or before April 30, 2026	US\$250,000	200,000	US\$3,000,000
On or before October 31, 2026	US\$250,000	None	None
On or before April 30, 2027	None	750,000	US\$4,000,000

Gryphon will be granted a 2% net smelter returns royalty on the Project (subject to a 50% buy down right to a 1% royalty), except that the part of the property comprising the eight patented mining claims will be subject only to a 1% net smelter returns royalty (not subject to further buy-down) (the “NSR Agreement”). The terms of the NSR Agreement will be negotiated on or before April 30, 2025.

The 10,300-hectare Gryphon project covers 8 by 16 kilometres of ground laced by well-developed, variably mineralized structures. The structures show strong evidence of having sequentially controlled multiple mineralizing events, including Carlin-style Gold; Silver, Lead, Zinc, Copper, Gold Carbonate Replacement veins (CRDs); and stratabound Nickel-Zinc mineralization (See Figure 2). This style of overlapping mineralizing events is a key element of significant deposits like Ruby Hill, which lies just 70 km along trend southeast of the Gryphon project in the famous Eureka District, now known for its overlapping Carlin-style gold and historic CRD Pb-Zn-Ag deposits (See Figure 1). In addition, the Gryphon project contains an interpreted stratabound Nickel-Zinc sequence, providing a critical mineral opportunity in one of the best jurisdictions in the world (See Figure 3).

Historic exploration at Gryphon Summit was by Majors who focused on the gold and undertook extensive geological, geochemical, and geophysical programs. These resulted in localized shallow



drilling programs, several of which showed strong results that were never followed up. Golden Gryphon Exploration subsequently recognized multiple superimposed silver-lead-zinc-copper and nickel mineralization events combined with a possible porphyry driver. The Company and Reyna Silver plan to deploy the first-ever integrated ore-systems approach here to unravel the individual components of this large, composite district-scale project.

### The Project

The project lies in the Basin and Range province of Nevada between the Battle Mountain-Eureka and Carlin trends, along the eastern boundary of the Roberts Mountain thrust. This area's north-south to north-northwest high-angle horst-graben structures provided excellent pathways for mineralizing fluids generated by a series of metallogenic events. Calcareous lithologies dominate the geologic sequence, including limestone, dolostone and calcareous shale, as well as clastics and quartzite. Particular rock units of interest include the Pogonip group (the host rock for the Carlin-style mineralization in Eureka), Devil's Gate limestone (a major host for Eureka CRD mineralization) and the Vinini formation (a major host for gold mineralization in the Horse Canyon Carlin gold mine).



Figure 1. Gryphon Summit is located in Northeastern Nevada, 70 km NW of the Eureka district and 54 km from Carlin. The project is 73 km west of RSLV's Medicine Springs CRD Project.

Gryphon Summit exhibits both the key features indicative of a Carlin-style system and at least eight out of the 13 key features associated with major CRDs. Extensive systematic sampling revealed gold grades up to 15 to 24 grams per tonne Au, silver grades up to 300 to 2,060 g/t Ag, nickel grades up to 0.2 to 0.4 per cent Ni and zinc grades up to 3 to 35 per cent Zn. The exceptional zinc grades concentrate along structures and associate with stratiform Ni-Zn mineralization.

Exploration will build on extensive earlier work conducted by Golden Gryphon Exploration (GGE) or its prior optionees, including 133 reverse circulation holes (11,620 m with most under 100 m depth; the companies have complete data for 73 of these holes), 11 core holes (4,862 m) and, most recently, Agnico Eagle's 12 diamond drill holes (2,987 m; 250 m average depth). In addition, the Company and RSLV

inherit over \$2-million (U.S.) of geochemical and geophysical data, including over 3,000 analyzed rock samples with a curated reference sample library, magnetic, gravimetric, 39 km of induced polarization, controlled-source audio-magnetotelluric and 17 km of natural source audio-magnetotelluric geophysics. The project is crossed by 35 km of well-maintained roads connecting all the key areas and existing permitted drill targets.

These combined elements make Gryphon primed for the Reyna JV's disciplined, systematic, ore systems approach to exploration.

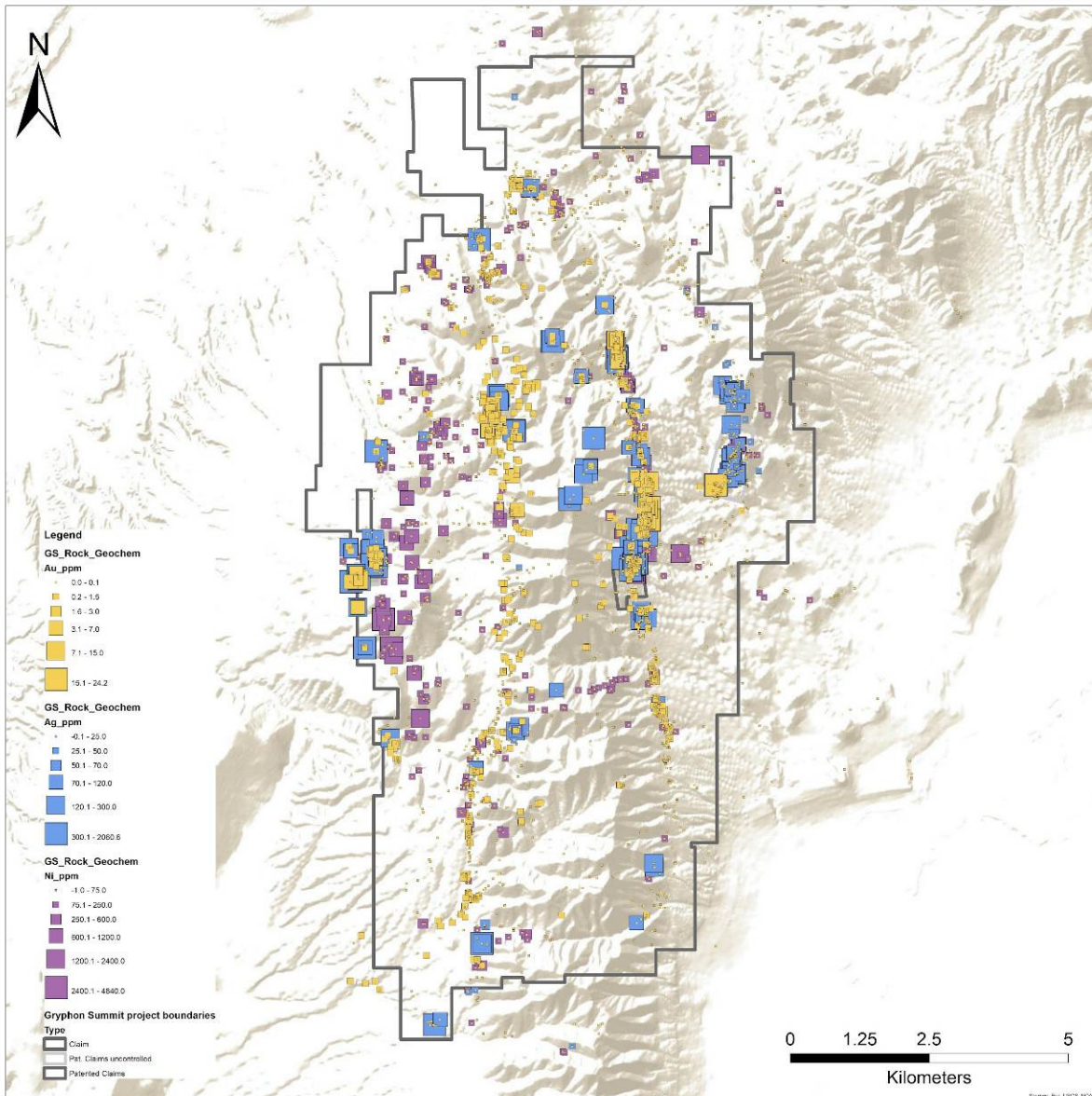


Figure 2: Anomalous geochemical results from outcrop and grab samples. Gold is yellow, Silver is blue, and Nickel is purple. Claim boundary delineated by the grey line. (Data generated/compiled by Golden Gryphon USA).



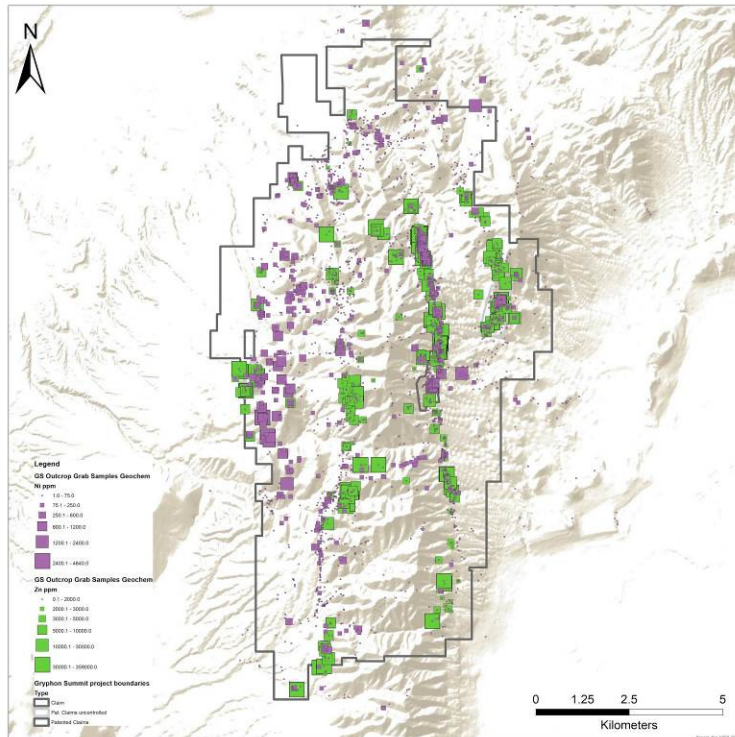


Figure 3. Nickel and Zn mineralization. Nickel is in purple, with grades up to 0.2-0.48%. Zinc is in green with grades up to 3-35%. (Data generated/compiled by Golden Gryphon USA).

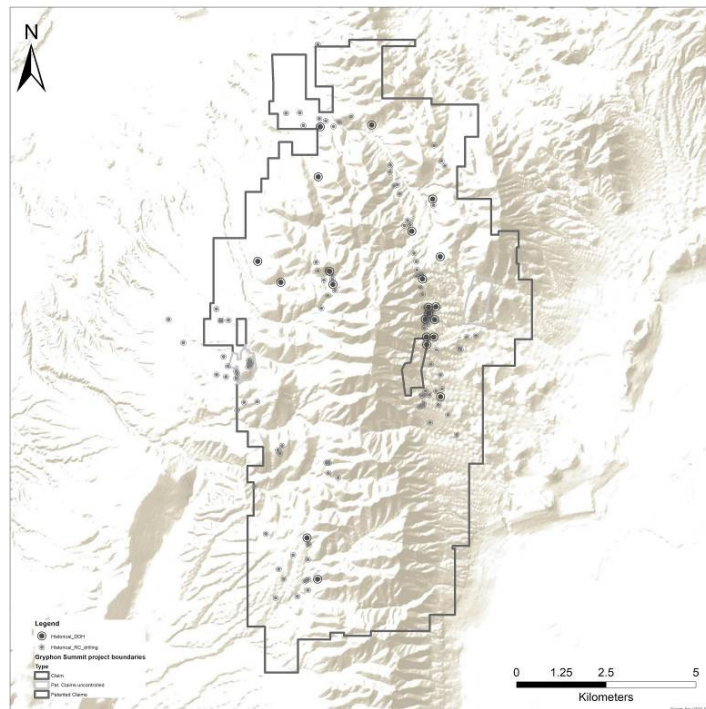


Figure 4. Historic Drilling at Gryphon. The previous drilling consisted of 133 RC holes displayed in grey and 23 Core holes displayed in dark grey. (Data generated/compiled by Golden Gryphon USA)

- CRD INITIAL CHECKLIST  
Features common to all large known CRD deposits
- Location - Main Street CRD/Porphyry belt
  - Location- Top of carbonate section (room to grow)
  - Ag (+400 g/t), Au, Zn, Pb, Cu, +Mn, As, W...
  - Multiple mineralization and alteration stages
  - Large scale zoning
  - Presence of Felsite dikes
  - Presence of Skarn
  - Discordant geometry (= not syngenetic)
  - Replacement mineralization
  - High iron sphalerite
  - Pyrite pseudomorphs after pyrrhotite
  - Molybdenum mineralization
  - Granitic Stock Contact Skarn = Target

Megaw, et al., 1996, 1998, 2020

Figure 5. The CRD Initial Checklist, with the 13 key features common to all large known CRD deposits. Gryphon exhibits 8 out of 13 to date

On November 28, 2023, the Company announced that together with RSLV, the two companies are undertaking an independent NI43-101 compliant technical report incorporating over 30 years of technical data from generally shallow-focused gold exploration on the property. RSLV is leading the process and their exploration team is already working with the enormous database assembled by the vendors. A joint technical team will be deployed soon for re-logging and strategic re-assay of all historical sampling and drilling. This includes the recent (2021-2022) 12-hole, 3,090 metre drilling program by Agnico Eagle that cut gold over significant widths in 9 out of the 12 holes drilled. Older drilling results will be reported once the NI43-101 report is complete and filed. The project came with valid permits for a number of drill pads in areas with strong prior results that can be readily reoccupied. For more details, please refer to the news release on November 28, 2023.

	Mexico				USA		Total
	La Gloria	Don Porfirio	El Durazno	La Centella	Gryphon Summit		
<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 year	172,104	-	-	-	74,550	-	246,654
Write-off during the year	(895,684)	-	-	-	-	-	(895,684)
Foreign currency translation	75,300	1,726	-	-	-	-	77,026
<b>As of December 31, 2023</b>	\$ 252,160	\$ 15,534	\$ 20,000	\$ 240,000	\$ 74,550	\$ -	\$ 602,244
<b>Mineral exploration expenses for the year ended December 31, 2023</b>							
Mineral taxes	\$ 5,536	\$ 588	\$ -	\$ -	\$ -	\$ -	\$ 6,124
Consulting and reporting	-	970	-	-	-	-	970
Geology and exploration	1,542,736	-	-	-	256,509	-	1,799,245
Storage and equipment	427,915	-	-	-	2,155	-	430,070
Drilling	597,457	-	-	-	-	-	597,457
	\$ 2,573,644	\$ 1,558	\$ -	\$ -	\$ 258,664	\$ -	\$ 2,833,866
<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 December 31, 2023</b>							
Mineral taxes	\$ 11,968	\$ 648	\$ -	\$ 87	\$ -	\$ -	\$ 12,703
Consulting and reporting	104,563	970	-	-	-	-	105,533
Geology and exploration	3,439,662	14,031	-	1,395	256,509	-	3,711,597
Mapping	71,257	-	-	-	-	-	71,257
Storage and equipment	577,404	-	-	-	2,155	-	579,559
Drilling	1,373,123	-	-	-	-	-	1,373,123
Other expenses	15,150	2,124	-	-	-	-	17,274
	\$ 5,593,127	\$ 17,773	\$ -	\$ 1,482	\$ 258,664	\$ -	\$ 5,871,046

#### **4. Risks and Uncertainties**

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

##### *Inherent risks within the mining industry*

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

Mining activities also involve risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently



maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

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

#### *Prices for gold and other commodities*

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

#### *Foreign currency risks*

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

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

#### *Risks Associated with Foreign Operations*

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

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

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

The exploration of mineral resources in Mexico is subject to a comprehensive review, approval and permitting process that involves various federal, state and local agencies. There can be no assurance given that the required approvals and permits for a mining project, if technically and economically warranted, on the Company's claims can be obtained in a timely or cost-effective manner. The Mexican government may enact a law requiring royalties on minerals produced from federal lands, including unpatented claims.



### *Competition*

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

### *Financing*

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

### *Global Health Crisis*

Any future emergence and spread of viruses such as COVID19 could have an adverse impact on global economic conditions which may adversely impact the Company's operations. The Company continues to monitor the situation and the impact the virus may have on its properties. Should the virus spread, travel bans remain in place or should one of the Company's team members or consultants become infected, the Company's ability to advance its properties may be impacted. Similarly, the Company's ability to obtain financing and the ability of the Company's vendors, suppliers, consultants and partners to meet obligations may be impacted as a result of such virus and efforts to contain the virus.

### *Climate Change*

Climate change is an international concern and as a result poses risk of both climate changes and government policy in which governments are introducing climate change legislation and treaties at all levels of government that could result in increased costs, and therefore, decreased profitability. Climate change regulations may become more onerous over time as governments implement policies to further reduce carbon emissions, including the implementation of taxation regimes based on aggregate carbon emissions. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, the cost of compliance with environmental regulation and changes in environmental regulation have the potential to result in increased cost of operations, reducing the profitability of the Company's operations or the potential economic value of its development projects.

In addition, our operations could be exposed to a number of physical risks from climate change, such as changes in rainfall rates, rising sea levels, reduced water availability, higher temperatures, increased snowpack and extreme weather events. While the Company has not experienced these events at this point, such events or conditions such as flooding or inadequate water supplies could disrupt mining and transport operations, mineral processing, and rehabilitation efforts, could create resource shortages and could damage our properties or equipment and increase health and safety risks on site. Such events or conditions could have other adverse effects on our workforce and on the communities around our properties.

### *Cybersecurity Threats*

The Company relies on secure and adequate operations of information technology systems in the conduct of its operations. Access to and security of the information technology systems are critical to the Company's operations and exploration. To the Company's knowledge, it has not experienced any material losses relating to disruptions to its information technology systems. The Company has implemented ongoing policies, controls, and practices to manage and safeguard the Company and its



stakeholders from internal and external cybersecurity threats and to comply with changing legal requirements and industry practice. Given that cyber risks cannot be fully mitigated and the evolving nature of these threats, the Company may not have the resources or technical sophistication to anticipate, prevent, or recover from cyber-attacks and cannot assure that its information technology systems are fully protected from cybercrime or that the systems will not be inadvertently compromised, or without failures or defects. Disruptions to information technology systems, including, without limitation, security breaches, power loss, theft, computer viruses, cyber-attacks, natural disasters, and non-compliance by third-party service providers and inadequate levels of cybersecurity expertise and safeguards of third-party information technology service providers, may adversely affect the operations of the Company as well as present significant costs and risks including, without limitation, loss or disclosure of confidential, proprietary, personal or sensitive information and third-party data, material adverse effect on its financial performance, compliance with its contractual obligations, compliance with applicable laws, damaged reputation, remediation costs, potential litigation, regulatory enforcement proceedings and heightened regulatory scrutiny.

## **5. Impairment of Long-lived Assets**

The Company completed an impairment analysis as at December 31, 2023, which considered the indicators of impairment in accordance with IAS 36, "Impairment of Assets". Management concluded that no further impairment charges were required because:

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

## **6. Material Financial and Operations Information**

### **6(a) Selected Annual Financial Information**

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

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total revenues	\$ -	\$ -	\$ -
Expenses	\$ 5,318,389	\$ 4,713,669	\$ 3,571,490
Comprehensive loss for the year	\$ 5,079,536	\$ 4,556,840	\$ 3,625,616
Basic and diluted loss per share	\$ 0.08	\$ 0.07	\$ 0.10
Total assets	\$ 2,615,157	\$ 7,661,393	\$ 12,145,626
Total long-term financial liabilities	\$ -	\$ -	\$ -
Cash dividend declared - per share	N/A	N/A	N/A



## 6(b) Summary of Quarterly Results

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

	Three months ended			
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenses	\$ 864,155	\$ 1,589,938	\$ 1,537,532	\$ 1,326,764
Comprehensive loss	\$ 758,281	\$ 1,504,825	\$ 1,464,320	\$ 1,352,110
Loss per share	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.02

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

## 6(c) Review of Operations and Financial Results

### For the three months ended December 31, 2023 compared with the three months ended December 31, 2022:

The Company's exploration expenses amounted to \$139,250 (2022 - \$317,803), a decrease of \$178,553 as a result of the Company having more exploration work on its La Gloria property.

Excluding the foreign exchange gain of \$120 (2022 foreign exchange loss of \$2,207) and share-based payments of \$Nil (2022 - \$54,223), the Company's administrative expenses amounted to \$296,186 (2022 - \$372,918), a decrease of \$76,732 mainly due to: (a) marketing of \$94,404 (2022 - \$248,180); (b) consulting of \$9,000 (2022 - \$66,328); (c) management and director fees of \$126,248 (2022 - \$127,748). The decrease was offset by increases in: (d) office expense of \$21,467 (2022 - expense recovery of \$108,049); (e) legal of \$9,298 (2022 - \$4,061); (f) listing fees of \$2,334 (2022 - \$1,667) as the Company incurred shrink administrative expenses to support the exploration activities in fiscal 2023.

The other major item for the three months ended December 31, 2023, compared with December 31, 2022, was:

- Write-off of exploration and evaluation assets of \$891,448 (2022 - \$Nil).

During the three months ended December 31, 2023, the Company reported a loss of \$1,326,764 (2022 - \$747,151), an increase of \$ 579,613.

### For the year ended December 31, 2023 compared with the year ended December 31, 2022:

The Company's exploration expenses amounted to \$2,833,866 (2022 - \$2,461,442), an increase of \$372,424 as a result of the Company's expanded exploration work on its La Gloria property including initial drilling.

Excluding the foreign exchange loss of \$42,238 (2022 - \$1,439) and share-based payments of \$13,001 (2022 - \$137,239), the Company's administrative expenses amounted to \$1,545,310 (2022 - \$2,113,687), a decrease of \$568,377 mainly due to: (a) marketing of \$498,362 (2022 - \$894,374); (b) consulting of \$173,665 (2022 - \$243,798); (c) management and director fees of \$559,992 (2022 - \$612,245); (d) legal of \$21,093 (2022 - \$45,227); (e) listing fees of \$38,283 (2022 - \$53,131); (f) office expense of \$100,591



(2022 - \$112,963) while being offset by increases in: (g) accounting and audit of \$151,179 (2022 - \$148,818) as the Company had reduced administrative expenses to support its exploration activities in fiscal 2023.

The other major items for the year ended December 31, 2023, compared with December 31, 2022, was:

- Write-off of exploration and evaluation assets of \$891,448 (2022 - \$Nil).

During the year ended December 31, 2023, the Company reported a loss of \$5,318,389 (2022 - \$4,713,669), an increase of \$604,720.

#### 6(d) Liquidity and Capital Resources

As at December 31, 2023, the Company had a working capital of \$935,864 (December 31, 2022 - \$5,853,059). With respect to working capital, \$980,586 was held in cash and cash equivalents (December 31, 2022 - \$5,771,307). The decrease in cash was mainly due (a) operating activities, including exploration expenses, totaling \$ 4,569,879, and (b) expenditures on the exploration and evaluation assets of \$239,779.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from warrants, finders' warrants, advisors' options and options, along with the planned developments within the Company are sufficient to carry out its activities throughout 2024. The Company would consider future equity financings if such financings are beneficial to the Company. If the market conditions change, the Company will make adjustment to its budgets accordingly.

#### 6(e) Disclosure of Outstanding Share Data

##### Common Shares

Authorized: unlimited number of common shares without par value.

On July 13, 2023, the Company issued 100,000 common shares pursuant to the 100,000 RSUs vested during the period.

On November 30, 2023, the Company issued 125,000 common shares with a fair value of \$6,875 to Golden Gryphon USA Inc. to pursuant the property option agreement during the period.

Stock option transactions and the number of stock options, including the compensation options and advisor options, for the year ended December 31, 2023 are summarized as follows:

Expiry date	Exercise price	December 31, 2022	Granted	Exercised	Expired / Cancelled	December 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	-	-	-	6,445,000		
Weighted average exercise price	\$	0.37	\$	-	\$	-	\$	0.37





The continuity of warrants for the year ended December 31, 2023 is as follows:

Expiry date	Exercise price	December 31, 2022	Issued	Exercised	Expired	December 31, 2023
December 14, 2023	\$ 0.65	13,092,394	-	-	(13,092,394)	-
Warrants outstanding		13,092,394	-	-	(13,092,394)	-
Weighted average exercise price	\$	0.65	\$	-	\$	0.65

The continuity of finder's warrants for the year ended December 31, 2023 is as follows:

Expiry date	Exercise price	December 31, 2022	Issued	Exercised	Expired	December 31, 2023
September 3, 2023	\$ 0.40	1,546,325	-	-	(1,546,325)	-
September 10, 2023	\$ 0.40	112,413	-	-	(112,413)	-
September 15, 2023	\$ 0.40	6,265	-	-	(6,265)	-
Finders warrants outstanding		1,665,003	-	-	(1,665,003)	-
Weighted average exercise price	\$	0.40	\$	-	\$	0.40

The continuity of restricted stock unit (RSU) for the year ended December 31, 2023 is as follows:

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

	Issued and outstanding	
	December 31, 2023	April 26, 2024
Common shares outstanding	67,106,221	67,106,221
Options	6,445,000	6,445,000
Fully diluted common shares outstanding	73,551,221	73,551,221

#### 6(f) Commitment

None.

#### 6(g) Off-Balance Sheet Arrangements

None.

#### 6(h) Transactions with Related Parties

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:



For the year ended December 31, 2023

	Cash payments	Share-based payments	TOTAL
Jorge Ramiro Monroy <sup>(1)</sup> Director	\$ 224,992	\$ -	\$ 224,992
Michael Wood <sup>(2)</sup> Chief Executive Officer, Director	\$ 270,000	\$ -	\$ 270,000
Winnie Wong <sup>(3)</sup> Chief Financial Officer	\$ 120,000	\$ -	\$ 120,000
Alex Langer <sup>(4)</sup> Director	\$ 20,000	\$ -	\$ 20,000
Steve Robertson <sup>(5)</sup> Director	\$ 19,500	\$ -	\$ 19,500
Castulo Molina Sotelo <sup>(6)</sup> Director	\$ 15,000	\$ -	\$ 15,000
Peter Jones <sup>(7)</sup> Director	\$ 15,000	\$ 6,900	\$ 21,900

Related party transactions and balances:

	Services for:	For the years ended		Amounts included in trade and other payables:	
		December 31, 2023	December 31, 2022	As at December 31, 2023	As at December 31, 2022
Emerging Markets Capital <sup>(1)</sup>	Management fee and rent	\$ 224,992	\$ 249,990	\$ -	\$ -
Athena Jade Limited <sup>(2)</sup>	Management fee	270,000	300,000	-	-
Emerging Markets Capital <sup>(1)</sup>	Expense reimbursement	-	-	1,148	-
Pacific Opportunity Capital Ltd. <sup>(3)</sup>	Accounting	120,000	120,000	10,500	21,000
Andros Capital Corp. <sup>(4)</sup>	Director's fee	20,000	20,000	-	-
Western Blue Sky Management Corp. <sup>(5)</sup>	Consulting and director's fee	19,500	17,625	-	-
San Miguel Exploration SC. <sup>(6)</sup>	Director's fee	15,000	15,000	-	-
Peter Jones <sup>(7)</sup>	Director's fee	21,900	48,855	-	-
<b>Total</b>		<b>\$ 691,392</b>	<b>\$ 771,470</b>	<b>\$ 11,648</b>	<b>\$ 21,000</b>

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



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

### **6(i) Financial Instruments**

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

#### **a) Credit risk**

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

#### **b) Interest rate risk**

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

#### **c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at December 31, 2023, the Company had a cash balance of \$980,586 to settle current liabilities of \$62,389.

#### **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 peso. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liabilities of approximately 13,060,000 Mexican pesos. A 1% change in the absolute rate of exchange in Mexican pesos would affect its net loss by approximately \$10,000.

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

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

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

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

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

### **6(j) Management of Capital Risk**



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

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

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

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

## **7. Events after the Reporting Period**

None other than disclosed already in other sections.

## **8. Policies and Controls**

### **8(a) Significant Accounting Judgments and Estimates**

The preparation of these consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the condensed consolidated interim statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent, management considered both the funds from financing activities and the currency in which goods and services are paid. The functional currency of its subsidiaries in Mexico is the Mexican peso. The Company chooses to report in Canadian dollar as the presentation currency;
- The assessment of indications of impairment of each mineral property and related determination of the net realized value and write-down of those properties where applicable;
- The determination of the value of the common shares issued pursuant to the acquisition of the exploration and evaluation assets and Minera Reyna Dorada S.A. de C.V.; and
- The determination that the Company will continue as a going concern for the next year.



## **9. Internal Control Over Financial Reporting**

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

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

### **Disclosure Controls and Procedures**

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

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

## **10. Information on the Officers and Board of Directors**

### **Directors:**

*Jorge Ramiro Monroy, Executive Chairman*

*Michael Wood*

*Alexander Langer*

*Steve Robertson*

*Cástulo Molina Sotelo*

*Peter Jones*

### **Audit Committee members:**

*Alexander Langer, Steve Robertson and Cástulo Molina Sotelo*

### **Management:**

*Michael Wood – Chief Executive Officer*

*Winnie Wong – Chief Financial Officer*

*Ariel G. Navarro Herrera, MSc. – Vice President of Exploration*