



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

## **Consolidated Financial Statements**

**December 31, 2024**

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

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## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Reyna Silver Corp.**

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Reyna Silver Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards ("IFRS").

#### Basis for Opinion

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

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company's continuation as a going concern is dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, and to commence profitable operations in the future. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	How our audit addressed the key audit matter:
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
<i>Refer to note 3 – Significant estimates and assumptions, note 3 – accounting policy for Exploration and evaluation assets and note 6 – Exploration and evaluation assets and mineral exploration expenses</i>	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following:

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Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.

- Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment.
  - Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.
  - Confirmed that the Company's right to explore the properties had not expired.
  - Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets.
  - Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.
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## **Other Information**

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is James Roxburgh.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants**

Vancouver, BC, Canada  
April 30, 2025

**REYNA SILVER CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	Note	December 31, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 15,277	\$ 96,110
Receivables		7,519	6,776
Prepaid expenses		82,756	65,897
		<u>105,552</u>	<u>168,783</u>
<b>Non-current</b>			
Equipment	5	96,209	55,348
Exploration and evaluation assets	6	12,653,814	11,933,033
Exploration deposits	7	183,402	74,837
VAT receivables		3,116,577	2,513,713
		<u>16,050,002</u>	<u>14,576,931</u>
		<u>\$ 16,155,554</u>	<u>\$ 14,745,714</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		\$ 1,877,363	\$ 464,923
Due to related parties	10	260,660	111,546
Shareholders' loans	11	173,013	-
		<u>2,311,036</u>	<u>576,469</u>
<b>SHAREHOLDERS' EQUITY</b>			
Common shares	8	50,859,851	41,183,244
Reserves	8	8,881,250	8,807,661
Deficit		(45,896,583)	(35,821,660)
		<u>13,844,518</u>	<u>14,169,245</u>
		<u>\$ 16,155,554</u>	<u>\$ 14,745,714</u>

**Nature of Operations and Going Concern (Note 1)**  
**Events After the Reporting Period (Note 6 and 17)**

These consolidated financial statements are authorized for issue by the Board of Directors on April 30, 2025.  
They are signed on the Company's behalf by:

***"Alexander Langer"***

Alexander Langer, Director

***"Jorge Ramiro Monroy"***

Jorge Ramiro Monroy, Director

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

**REYNA SILVER CORP.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)

		three months ended September 30		Years ended December 31	
	Note	2024	2023	2024	2023
Exploration expenses	6	\$ 1,976,374	\$ 654,800	\$ 4,808,264	\$ 6,230,931
Reversal of reimbursements from optionee	6(f)	20,000	-	20,000	-
		<u>1,996,374</u>	<u>654,800</u>	<u>4,828,264</u>	<u>6,230,931</u>
Administrative expenses					
Accounting and audit		74,663	52,548	160,910	144,220
Bank charges and interest expenses	11	2,191	1,686	8,365	8,908
Consulting		14,071	144,366	353,745	362,639
Legal		88,216	20,816	272,486	165,394
Management and director fees	10	111,875	126,000	456,025	495,000
Marketing and shareholders communication		59,779	73,340	404,862	720,564
Office	10	40,493	26,884	198,384	191,290
Share-based compensation	8(c), 10	69,865	-	189,783	44,365
Transfer agent, listing and filing fees		28,224	56,988	71,885	137,116
Foreign exchange loss		(898)	11,644	4,400	34,852
		<u>488,479</u>	<u>514,272</u>	<u>2,120,845</u>	<u>2,304,348</u>
Other items					
Property investigation costs		2,875	7,802	26,836	138,645
Write-off of exploration and evaluation assets	6(g)	3,098,978	2,368	3,098,978	362,960
Net loss		<u>5,586,706</u>	<u>1,179,242</u>	<u>10,074,923</u>	<u>9,036,884</u>
Other comprehensive loss (income)					
Cumulative translation adjustment		<u>(90,077)</u>	<u>(30,427)</u>	<u>400,483</u>	<u>(475,954)</u>
Total comprehensive loss for the year		<u>\$ 5,496,629</u>	<u>\$ 1,148,815</u>	<u>\$ 10,475,406</u>	<u>\$ 8,560,930</u>
Basic and diluted loss per share		<u>\$ 0.03</u>	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ 0.06</u>
Weighted average number of common shares outstanding		<u>215,348,844</u>	<u>150,111,670</u>	<u>193,183,565</u>	<u>146,623,111</u>

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

**REYNA SILVER CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(Expressed in Canadian dollars)**

	Note	Common Shares		Equity-settled employee benefits	Finder's warrants	Reserves		Foreign exchange reserve	Total	Deficit	Total shareholders' equity
		Number of shares	Amount			Warrants					
<b>Balance as at December 31, 2022</b>		123,405,950	\$ 34,840,096	\$ 2,343,417	\$ 981,787	\$ 3,823,859		\$ 268,542	\$ 7,417,605	\$ (26,784,776)	\$ 15,472,925
Shares issued:											
Private placements	8(b)	26,705,720	7,344,073	-	-	667,643		-	667,643	-	8,011,716
Share issue costs	8(b)	-	(1,029,675)	-	202,094	-		-	202,094	-	(827,581)
For property acquisition	6,8(b)	125,000	28,750	-	-	-		-	-	-	28,750
Share-based compensation	8(c)	-	-	44,365	-	-		-	44,365	-	44,365
Net loss and comprehensive loss		-	-	-	-	-		475,954	475,954	(9,036,884)	(8,560,930)
<b>Balance as at December 31, 2023</b>		150,236,670	41,183,244	2,387,782	1,183,881	4,491,502		744,496	8,807,661	(35,821,660)	14,169,245
Shares issued:											
Pursuant to acquisition of Reyna Gold	4, 8(b)	22,690,020	4,084,203	-	-	-		-	-	-	4,084,203
Private placements	8(b)	49,399,584	6,235,659	-	-	134,941		-	134,941	-	6,370,600
Share issue costs	8(b)	-	(753,486)	-	185,899	-		-	185,899	-	(567,587)
Exercise of finders' warrants	8(e)	614,000	110,231	-	(36,551)	-		-	(36,551)	-	73,680
Share-based compensation	8(c)	-	-	189,783	-	-		-	189,783	-	189,783
Net loss and comprehensive loss		-	-	-	-	-		(400,483)	(400,483)	(10,074,923)	(10,475,406)
<b>Balance as at December 31, 2024</b>		<b>222,940,274</b>	<b>\$ 50,859,851</b>	<b>\$ 2,577,565</b>	<b>\$ 1,333,229</b>	<b>\$ 4,626,443</b>		<b>\$ 344,013</b>	<b>\$ 8,881,250</b>	<b>\$ (45,896,583)</b>	<b>\$ 13,844,518</b>

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



**REYNA SILVER CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

		For the Years ended December 31	
	Note	2024	2023
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net loss		\$ (10,074,923)	\$ (9,036,884)
Items not involving cash:			
Depreciation expense included in exploration expenses	5, 6	14,329	9,686
Reimbursements from optionee		20,000	-
Share-based compensation	8(c)	189,783	44,365
Write-off of exploration and evaluation assets	6(g)	3,098,978	362,960
Accrued interest on shareholders' loans	11	1,076	-
Foreign exchange loss		10,824	32,593
Changes in non-cash working capital items:			
Receivables		4,254	(2,337)
Prepaid expenses		17,895	288,544
VAT receivables		39,981	(259,121)
Trade and other payables		1,237,389	(12,380)
Due to related parties		(150,885)	102,711
Cash (used in) operating activities		(5,591,299)	(8,469,863)
<b>Investing activities</b>			
Purchase of equipment		(50,819)	-
Exploration and evaluation assets		(447,529)	(597,794)
Exploration deposit		(50,992)	(45,028)
Cash acquired on acquisition of Reyna Gold Corp.	4	9,676	-
Cash (used in) investing activities		(539,664)	(642,822)
<b>Financing activities</b>			
Net proceeds from issuance of common shares	8	5,878,193	7,184,135
Shareholders' loans		171,937	-
Cash provided by financing activities		6,050,130	7,184,135
<b>Net change in cash and cash equivalents</b>		(80,833)	(1,928,550)
<b>Cash and cash equivalents - beginning of the year</b>		96,110	2,024,660
<b>Cash and cash equivalents - end of the year</b>		\$ 15,277	\$ 96,110
<b>Supplemental disclosure with respect to cash flows:</b>			
Common shares issuance pursuant to acquisition of Reyna Gold		\$ 4,084,203	\$ -
Common shares issuance pursuant to property acquisition		-	28,750
Reclassification of reserves pursuant to exercise of finder's warrants		36,551	-
Finder's warrants issuance pursuant to share issue costs		185,899	202,094
Share issue costs included in accounts payable		1,500	-

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

# REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

As at December 31, 2024 and 2023

(Expressed in Canadian dollars)

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Reyna Silver Corp. (the “Company” or “Reyna Silver”) registered its incorporation on August 24, 2017 in the province of British Columbia, Canada and its principal business activity is the acquisition and exploration of mineral properties. The Company began trading on TSX Venture Exchange (the “Exchange”) on June 17, 2019. Its registered address is at 10<sup>th</sup> floor, 595 Howe Street, Vancouver, BC V6C 2T5.

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) applicable to a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, and to commence profitable operations in the future. To date, the Company has not generated any significant revenues and is considered to be in the exploration stage.

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 financial statements of financial position. These material uncertainties cast significant doubt on the Company’s ability to continue as a going concern. 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.

	December 31, 2024	December 31, 2023
Deficit	\$ (45,896,583)	\$ (35,821,660)
Working capital (deficiency)	\$ (2,205,484)	\$ (407,686)

## 2. BASIS OF PRESENTATION

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance and compliance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

### (b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

## REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

As at December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION

#### Basis of consolidation

##### Subsidiary

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

The Company's subsidiaries are:

	<u>% of ownership</u>	<u>Jurisdiction</u>	<u>Principal activity</u>
Reyna Silver Mining Inc.	100%	Canada	Holding company
Reyna Gold Corp.	100%	Canada	Exploration company
Reyna Silver, S.A. de C.V.	100%	Mexico	Exploration company
Exploration La Reyna, S.A. de C.V.	100%	Mexico	Exploration company
Minera Reyna Dorada, S.A.P.I. de C.V.	100%	Mexico	Exploration company
Exploradora San Pedro, S.A.P.I. de C.V.	100%	Mexico	Exploration company
Silver Medicine LLC	100%	USA	Exploration company

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

##### Inter-company balances and transactions

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

#### Foreign currencies

The functional and presentation currency of the parent company, Reyna Silver Corp., is the Canadian dollar.

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

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

##### Subsidiaries

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

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

## REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

As at December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION, (Continued)

#### Foreign currencies, (Continued)

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

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand. At December 31, 2024, the Company had \$15,277 in cash and cash equivalents.

#### Exploration and evaluation assets

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

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

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

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

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

#### Equipment

Equipment is recorded at cost less accumulated depreciation and impairment losses, if any. Depreciation is recognized as follows:

- Field equipment – 14% straight line
- Vehicles – 20% straight line

## REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

As at December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION, (Continued)

#### Impairment of non-financial assets

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

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

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

#### Financial Instruments

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

The Company has assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 as follows:

<b>Financial Assets</b>	<b>IFRS 9</b>
Cash and cash equivalents	Amortized cost
Receivables (excluding sales taxes)	Amortized cost
Exploration deposits	Amortized cost
<b>Financial Liabilities</b>	
Trade and other payables	Amortized cost
Due to related parties	Amortized cost
Shareholders' loans	Amortized cost

The classification of financial assets is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Transaction costs with respect to financial instruments classified as fair value through profit or loss are recognized in the consolidated statements of comprehensive income or loss.

## **REYNA SILVER CORP.**

Notes to the Consolidated Financial Statements

As at December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### **3. MATERIAL ACCOUNTING POLICY INFORMATION, (Continued)**

#### **Share-based payment transactions**

The Company's stock option plan allows the Company's employees and consultants to acquire shares of the Company through the exercise of granted stock options. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when such individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where finders' warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to reserves and as a share issue cost.

When warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

#### **Share capital**

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

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

#### **Basic loss per share**

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

## REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

As at December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION, (Continued)

#### Significant estimates and assumptions

The preparation of these consolidated 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 consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated 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 consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

#### Critical judgments

- The 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 and the functional currency of its subsidiary in USA is the US dollar. 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 the acquisition of Reyna Gold; and
- The determination that the Company will continue as a going concern for the next year.

#### Income taxes

##### Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

## REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION, (Continued)

#### Income taxes (Continued)

##### Deferred income tax: (Continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2024 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- Presentation and Disclosure in Financial Statements

IFRS 18 was issued in April 2024 and applies to an annual reporting period beginning on or after January 1, 2027. IFRS 18 will replace IAS 1. IFRS requires all companies using IFRS Standards to provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The Company is currently assessing the impact of this new accounting standard on its financial statements.

### 4. BUSINESS COMBINATION

On October 30, 2024, the Company completed the acquisition of all of the issued and outstanding common shares of Reyna Gold Corp. ("Reyna Gold") by way of a statutory plan of arrangement under the *Business Corporations Act* (British Columbia) (the "Transaction"). Reyna Gold became a consolidated subsidiary of the Company on this date.

Reyna Gold is an exploration company operating in Mexico and the USA. Reyna Gold owns a 100% interest in Minera Reyna Dorada, S.A.P.I. de C.V. and Exploradora San Pedro, S.A.P.I. de C.V.

Based on 68,069,971 Reyna Gold shares outstanding immediately prior to the Transaction, the Company issued an aggregate of 22,690,020 common shares (ratio of 3), at a fair value of \$0.18 per share, to complete the transaction.

The acquisition is being accounted for as a capital transaction in which Reyna Silver is being identified as the acquirer of Reyna Gold and equity consideration is being measured at fair value. The following table summarizes the estimated fair value of assets acquired and liabilities assumed as of the date of the Transaction based on an allocation of the \$4,084,203 equity consideration paid by the Company with the positive residual accounted for as an increase to Reyna Gold's exploration and evaluation assets.



## REYNA SILVER CORP.

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### 4. BUSINESS COMBINATION, (Continued)

Fair value of consideration - purchase price	\$	4,084,203
Identifiable net assets of Reyna Gold Corp. acquired by the Company		
Cash		9,676
Current assets other than cash		39,591
Exploration and evaluation assets		387,692
Exploration deposit		50,993
VAT receivables		930,293
Trade and other payables		(174,244)
Due to related parties		(299,999)
Total fair value of identifiable net assets acquired by the Company		944,002
Increase to exploration and evaluation assets	\$	3,140,201

As part of the Transaction, all outstanding options of Reyna Gold vested immediately and were exchanged for the number of options to purchase Reyna Silver shares based on the exchange ratio outlined in the agreement. All replacement options will expire on the earlier of (i) the expiration date of the underlying option for which the replacement option was exchanged and (ii) 12 months from October 30, 2024, the date of issuance of the replacement option.

### 5. EQUIPMENT

	Field equipment	Vehicles	Total
<b>Cost</b>			
Balance, December 31, 2022	\$ 68,019	\$ -	\$ 68,019
Exchange adjustment	(1,597)	-	(1,597)
Balance, December 31, 2023	\$ 66,422	\$ -	\$ 66,422
Additions	35,411	15,408	50,819
Exchange adjustment	5,841	-	5,841
Balance, December 31, 2024	\$ 107,674	\$ 15,408	\$ 123,082
<b>Accumulated depreciation</b>			
Balance, December 31, 2022	\$ 1,620	\$ -	\$ 1,620
Depreciation	9,686	-	9,686
Exchange adjustment	(232)	-	(232)
Balance, December 31, 2023	\$ 11,074	\$ -	\$ 11,074
Depreciation	12,360	1,969	14,329
Exchange adjustment	1,470	-	1,470
Balance, December 31, 2024	\$ 24,904	\$ 1,969	\$ 26,873
<b>Carrying amounts</b>			
As at December 31, 2023	\$ 55,348	\$ -	\$ 55,348
As at December 31, 2024	\$ 82,770	\$ 13,439	\$ 96,209

During the year ended December 31, 2024, the Company included depreciation of \$14,329 (2023 - \$9,686) in exploration expenses in the statement of comprehensive loss (Note 6).

## REYNA SILVER CORP.

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### 6. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

#### MEXICO

##### **(a) Batopilas Property**

The Company acquired 100% interest of the Batopilas Property pursuant to Asset Purchase and Sale Agreement (the "Agreement") with MAG Silver Corp. ("MAG Silver") on June 29, 2018. The Batopilas Property, consisting of 10 concessions (1,169.7313 hectares) is located in Chihuahua Mexico.

Pursuant to the Agreement, the Company acquired the Guigui Property and the Batopilas Property by paying US\$8,500 (\$11,036) to MAG Silver and issuing 14,556,706 common shares with each common share valued at \$0.20 for a total value of \$2,911,341. These 14,556,706 common shares were subject to a voluntary pooling arrangement in accordance with the Agreement.

The Batopilas property is subject to a 4.5% net smelter royalty ("NSR") payable to the underlying owner with a right of first refusal.

##### **(b) Guigui Property**

The Company acquired 100% interest of the Guigui Property pursuant to the Agreement with MAG Silver on June 29, 2018. The Guigui Property, consisting of 7 concessions (4,553.7034 hectares), is located in Chihuahua Mexico.

The Company entered into two agreements to acquire an 80% interest in the La Chinche Property (which is contiguous to the Guigui Property and together formed part of the Guigui Property).

On July 1, 2020, the Company entered into a mineral property option agreement with United Minerals Pty Limited and Minerales Unidos La Chinche S.A. de C.V. ("United Minerals") to acquire 50% interest in the La Chinche property in exchange for 500,000 common shares and 11,500,000 warrants as follows:

Date/Period	Shares	Warrants
Upon receipt of the Exchange approval	250,000 (issued)	1,000,000 warrants exercisable for a period of 12 months at \$0.74 (issued)
January 1, 2021	None	3,000,000 warrants exercisable for a period of 12 months at \$0.75 (issued)
July 1, 2021	None	3,500,000 warrants exercisable for a period of 12 months at \$1.00 (issued)
January 1, 2022	None	4,000,000 warrants exercisable for a period of 12 months at \$1.25 (issued)
July 1, 2022	250,000 (issued)	None

## REYNA SILVER CORP.

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### 6. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)

#### MEXICO, (Continued)

##### (b) Guigui Property, (Continued)

On July 1, 2020, the Company entered into a mineral property option agreement with the underlying concession owner (the "Sellers") to acquire an additional 30% interest in the La Chinche property by incurring the following:

- (i) Making a cash payment of US\$42,000 on signing the agreement (paid);
- (ii) Undertaking a minimum of US\$900,000 in work on the property within 24 months (met);
- (iii) Following the above work program, preparing a NI 43-101 technical report summarizing any mineral resources on the property (the "Report"); and
- (iv) Based on the mineral resources set out in the Report, paying an additional amount to the Sellers, calculated as a minimum of US\$1,000,000 (paid in 2022) (for up to 1,500,000 tonnes of resource based on 12% Zn equivalent cut-off) plus an additional US\$250,000 for every 500,000 tonnes of resource at comparable grade contained within the property over and above 1,500,000 tonnes.

On July 14, 2022, the Company acquired an 80% interest in the La Chinche property.

The Guigui property is subject to a 2.5% NSR payable to the underlying owner with a right of first refusal.

##### (c) La Reyna Property

On September 29, 2020, the Company entered into a mineral property option agreement with the underlying concession owner (the "Sellers") whereby the Company had the option to acquire a 100% interest in the La Reyna property.

During the year ended December 31, 2023, the Company terminated the option agreement and wrote off the acquisition costs of \$362,960.

##### (d) La Gloria Property

On October 30, 2024, the Company acquired the La Gloria Property in Mexico through the Transaction with Reyna Gold (Note 4).

Reyna Gold entered into an agreement on April 28, 2021 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 of Reyna Gold (issued).

Reyna Gold 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 US\$100,000 (paid in April 2022) and the issuance of 250,000 common shares of Reyna Gold (issued). 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.

## REYNA SILVER CORP.

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### 6. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)

#### MEXICO, (Continued)

##### (e) Matilde Property

In fiscal 2018, the Company acquired the Matilde property for \$7,476 by staking. The Matilde property is located in Sonora Mexico and consists of 1,369 hectares.

##### (f) El Durazno Property

In fiscal 2019, the Company acquired the El Durazno property for \$9,601 by staking. The El Durazno property is located in Sonora Mexico and consists of 24,630 hectares.

On July 19, 2021, the Company signed an option agreement with Reyna Gold where Reyna Gold could earn 51% interest in the El Durazno Property by paying \$20,000 cash (paid by Reyna Gold in 2021) and incurring \$500,000 exploration expenditures by July 19, 2025. As a result of the Transaction with Reyna Gold in October 2024 (Note 4), there is no further exploration expenditure obligation on this property and the Company reversed the \$20,000 cash reimbursement from the optionee during fiscal 2024.

#### UNITED STATES

##### (g) Medicine Springs Property (Nevada)

On September 24, 2020, the Company entered into a property option agreement with Northern Lights Resources Corp. ("Northern Lights") to acquire an 80% interest in the Medicine Springs Property, located in Elko County, Nevada.

On December 14, 2022, the option agreement was superseded by an Acquisition Agreement whereby Northern Lights agreed to sell to the Company its option to acquire a 100% interest in the Medicine Springs Property. Pursuant to the Acquisition Agreement, the Company agreed to the following terms:

- (i) Assuming all of Northern Lights' obligations under the underlying option agreement with the property owners (the "Optionors");
- (ii) Paying Northern Lights US\$100,000 in cash (paid US\$25,000 in fiscal 2022 and US\$75,000 in fiscal 2023);
- (iii) Issuing 6,000,000 common shares of the Company to Northern Lights (the "Consideration Shares") (issued in fiscal 2022); and
- (iv) Granting to Northern Lights a 1.0% Net Smelter Returns royalty ("NSR") on mining production received by the Company on the Medicine Springs Property (the "NLR Royalty").

The Acquisition Agreement provides the Company at any time the option to buy back one-half of the NLR Royalty by paying Northern Lights US\$2,500,000.

The Consideration Shares are subject to contractual resale restrictions over a 24-month period with an initial 6-month lock up and release 25% every 6 months after that.

In connection with the Acquisition Agreement, the Company paid a finder's fee of 300,000 common shares (issued in fiscal 2022) and US\$5,000 in cash (paid in fiscal 2023).

## REYNA SILVER CORP.

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### 6. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)

#### UNITED STATES, (Continued)

##### (g) Medicine Springs Property (Nevada), (Continued)

The Optionors and the Company subsequently agreed to amend the underlying option agreement pursuant to amending agreements dated March 30, 2023, September 14, 2023, November 10, 2023, January 31, 2024 and September 30, 2024. Per the terms of the amended option agreement, in order to exercise the option and acquire a 100% interest in the property, the Company is required to fulfill the following:

- (i) Make a cash payment of US\$150,000 to the Optionors within 3 days of the execution of the amendment dated March 30, 2023 (paid);
- (ii) Make a cash payment of US\$150,000 to the Optionors on or before September 15, 2023 (paid);
- (iii) Pay to the Optionors an amendment fee in the aggregate amount of US\$5,000 (paid);
- (iv) Make a cash payment of US\$150,000 to the Optionors on or before March 1, 2024 (paid);
- (v) Make a cash payment of US\$15,000 to the Optionors on or before October 1, 2024 (paid);
- (vi) Make a cash payment of US\$375,000 to the Optionors on or before February 1, 2025;
- (vii) Issue common shares in equivalent of US\$310,000 to the Optionors and issue to the Optionors (based on the 30-day VWAP (volume-weighted average price) of Reyna Silver's common shares on the Exchange prior to the date of issuance subject to a floor price of \$0.12375 per common share) on or before February 1, 2025;
- (viii) Make a cash payment of US\$150,000 to the Optionors on or before October 1, 2025;
- (ix) Incur additional expenditures on the development of the property such that the total aggregate expenditures on the property is not less than US\$2,700,000 on or before December 31, 2023 (incurred); and
- (x) Paying such amount as is required to maintain the mineral claims included in the property in good standing on or before July 15, 2023 (paid).

During the year ended December 31, 2024, the Company wrote off the acquisition costs of \$3,098,978.

##### (h) Gryphon Summit Property (Nevada)

On August 29, 2023, the Company and Reyna Gold entered into a property option agreement (the "Original Agreement") with Golden Gryphon USA Inc. ("Gryphon") to jointly earn up to a 70% interest in the Gryphon Summit Property (the "Project"), located in Eureka and Elko counties, Nevada.

The Company and Reyna Gold 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 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 Reyna Gold to Gryphon. Upon completion of the Option, Gryphon and Reyna JV will enter a joint venture to continue exploration and development of the Project.

In connection with the Transaction with Reyna Gold (Note 4), Reyna Silver and Reyna Gold agreed to amend and restate the terms of the Original Agreement with Gryphon on October 24, 2024 among Reyna Gold, Reyna Silver and Gryphon (the "Amended Agreement"). The Company, Reyna Gold and Gryphon subsequently amended the agreement on January 30, 2025.

**REYNA SILVER CORP.**

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**6. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)****UNITED STATES,** (Continued)**(h) Gryphon Summit Property (Nevada),** (Continued)

The Amended Agreement reflects changes resulting from the Transaction and provides that Reyna Silver will assume all of Reyna Gold's rights and obligations under the Original Agreement. As a result, among other things, Reyna Silver now has the sole ability to earn up to a 70% equity interest in the Project (the "Option"). The Amended Agreement also defers certain cash payments due to Gryphon on October 31, 2024 until January 31, 2025 in exchange for an additional cash payment of \$10,000 and the obligation to issue additional Reyna Silver shares to Gryphon. Per the terms of the Amended Agreement, in order to exercise the option and acquire a 70% interest in the property, the Company is required to fulfill the following:

<b>Date/Period</b>	<b>Cash Payments</b>	<b>Common Shares Reyna Silver</b>	<b>Common Shares Reyna Gold</b>	<b>Expenditures</b>
On the Effective Date	US\$100,000 (paid)	None	None	None
With 5 business days of the acceptance of the agreement	None	125,000 (issued)	125,000 (issued by Reyna Gold)	None
On or before April 30, 2024	US\$100,000 (paid)	None	None	US\$500,000 (completed)
On or before October 31, 2024	US\$55,000 (paid)	None	None	None
On or before February 14, 2025	US\$60,000 (subsequently paid)	None	None	None
On or before April 30, 2025	US\$150,000	250,000	None	US\$2,000,000
On or before October 31, 2025	US\$150,000	None	None	None
On or before April 30, 2026	US\$250,000	400,000	None	US\$3,000,000
On or before October 31, 2026	US\$250,000	None	None	None
On or before April 30, 2027	None	1,500,000	None	US\$4,000,000
<b>Total</b>	<b>US\$1,115,000</b>	<b>2,275,000</b>	<b>125,000</b>	<b>US\$9,500,000</b>

The amounts in the table above payable on or prior to April 30, 2025, comprising aggregate Expenditures of \$2,500,000, aggregate cash payments of US\$465,000, 125,000 Reyna Gold shares and 375,000 Reyna Silver shares, are obligations of the Company and must be paid by the Company regardless of whether the option is subsequently permitted by the Company to lapse.

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.

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### 6. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)

#### UNITED STATES, (Continued)

##### **(i) Mineral Hill Property (Nevada)**

On July 31, 2024, the Company entered into an option agreement (the "Agreement") with Minquest Ltd. ("Minquest") to acquire a 100% interest in the Mineral Hill Property (the "Option"), located in Eureka County, Nevada. The Option is subject to the Company performing the following by July 31, 2030:

- (i) Incurring aggregate exploration expenditures of US\$1,550,000 on the project; and
- (ii) Making cash payments to Minquest in the aggregate amount of US\$1,810,000. On exercise of the Option by the Company, the Company will grant Minquest a 2.5% net smelter return ("NSR") royalty.

To complete its full 100% earn-in under the Agreement, the Company must complete the following:

Date/Period	Cash Payments	Expenditures
Within 5 days of the Effective Date	US\$10,000 (paid)	None
On or before July 31, 2025	US\$10,000	None
On or before July 31, 2026	US\$40,000	US\$200,000
On or before July 31, 2027	US\$75,000	US\$200,000
On or before July 31, 2028	US\$125,000	US\$300,000
On or before July 31, 2029	US\$150,000	US\$350,000
On or before July 31, 2030	US\$1,400,000	US\$500,000

The Company will have the option to repurchase half (1.25%) of the 2.5% NSR royalty at any time by paying Minquest US\$2,500,000.

The Mineral Hill Property is located within the overall Gryphon property.

##### **(j) Union Hill Property (Nevada)**

On August 2, 2024 and subsequently amended on February 1, 2025, the Company entered into an option agreement (the "Agreement") with Aulode LLC. ("Aulode") on the Union Hill Project (the "Project") located in Eureka County, Nevada. The Union patented claim group has newly staked claims at the Company's 70% optioned Gryphon Summit project.

The Agreement gives the Company the right (the "First Option") to earn a 100% ownership interest in the mineral rights and rights to prospect and explore the Project; and the further right (the "Second Option") to earn a 100% ownership interest in all remaining rights (including without limitation surface rights) in the Project and to become the fee title owner of the Project. The First Option is subject to the Company making cash payments to Aulode in the aggregate amount of US\$1,000,000 on or before August 2, 2030.

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**6. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)****UNITED STATES, (Continued)****(j) Union Hill Property (Nevada), (Continued)**

<b>Date/Period</b>	<b>Cash Payment</b>
On execution of this Agreement (the "Execution Date")	US\$27,500 (paid)
On or before April 1, 2025 <sup>(a)</sup>	US\$30,500
On or before August 2, 2025	US\$27,500
On or before February 2, 2026	US\$27,500
On or before August 2, 2026	US\$25,000
On or before February 2, 2027	US\$25,000
On or before August 2, 2027	US\$120,000
On or before February 2, 2028	US\$120,000
On or before August 2, 2028	US\$120,000
On or before February 2, 2029	US\$120,000
On or before August 2, 2029	US\$120,000
On or before February 2, 2030	US\$120,000
On or before August 2, 2030	US\$120,000

(a) The Company is negotiating with the Optionor to extend the timing of the cash payment.

The Second Option is subject to the Company making a production decision and making further cash payments to Aulode as follows:

- (i) US\$500,000 within thirty (30) days after the Company receives all construction, environmental and other permits required in order to proceed with construction on the Project; and
- (ii) US\$2,000,000 no later than the date three months prior to the estimated date of commencement of construction on the Project.

If the Company has not made a production decision by August 2, 2030, it may extend the date for exercise of the Second Option by up to a further three years by making further cash payments of US\$250,000 in respect of each such one-year extension.

On exercise of the Second Option, the Company will grant Aulode a 2.5% net smelter return ("NSR") royalty over the Project. The Company will have the option to repurchase the 2.5% NSR royalty at any time by paying Aulode US\$2,500,000.

If the Company has not made a production decision by August 2, 2033, the Company will quitclaim and transfer its rights in the Project to Aulode and Aulode will grant the Company a 2.0% NSR royalty over the Project. Aulode will have the option at any time to repurchase half (1.00%) of such 2.0% NSR royalty by paying Reyna Silver US\$1,000,000, and to repurchase the remaining half (1.00%) of the 2.0% NSR royalty by paying the Company a further US\$1,000,000.

**CANADA****(k) Trudeau Gold Property (Quebec)**

The Company holds a 1.0% NSR in the Trudeau Gold Property located in the province of Quebec.



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## 6. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)

	Mexico				Canada	USA		Total
	Batopilas	Guigui	La Reyna	Others	Trudeau	Medicine Springs	Gryphon Summit	
<b>Exploration and evaluation assets</b>								
<b>Acquisition costs</b>								
<b>As of January 1, 2023</b>	\$ 597,262	\$ 8,242,273	\$ 322,617	\$ 17,077	\$ -	\$ 2,383,163	\$ -	\$ 11,562,392
Addition during the period	-	-	-	-	-	419,477	96,715	516,192
Write-off of exploration and evaluation assets	-	-	(362,960)	-	-	-	-	(362,960)
Foreign currency translation	-	180,404	40,343	-	-	(3,338)	-	217,409
<b>As of December 31, 2023</b>	<b>\$ 597,262</b>	<b>\$ 8,422,677</b>	<b>\$ -</b>	<b>\$ 17,077</b>	<b>\$ -</b>	<b>\$ 2,799,302</b>	<b>\$ 96,715</b>	<b>\$ 11,933,033</b>
<b>Mineral exploration expenses for the year ended December 31, 2023</b>								
Claim staking	\$ -	\$ -	\$ -	\$ -	\$ -	10,140	\$ -	\$ 10,140
Mineral taxes	36,437	149,131	-	-	-	275,791	155,517	616,876
Depreciation	-	-	-	-	-	9,686	-	9,686
Drilling	113,463	22,524	-	-	-	1,499,588	34,089	1,669,664
Well drilling	-	-	-	-	-	487,505	-	487,505
Geochemistry	-	62,000	-	-	-	128,503	4,670	195,173
Geology and exploration	355,529	393,680	-	-	-	417,727	97,186	1,264,122
Geophysics	318,870	7,841	-	-	-	479,455	-	806,166
Other property related expenses	11,481	14,625	-	-	-	653,292	13,059	692,457
Permitting	-	-	-	-	-	15,002	7,589	22,591
Surface access	68,943	57,134	-	-	-	-	1,644	127,721
Trenching	-	-	-	-	-	328,830	-	328,830
	<b>\$ 904,723</b>	<b>\$ 706,935</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,305,519</b>	<b>\$ 313,754</b>	<b>\$ 6,230,931</b>
<b>Cumulative mineral exploration expenses up to December 31, 2023</b>								
Consulting and reporting	\$ 19,872	\$ 297,137	\$ -	\$ -	\$ 4,500	\$ -	\$ -	\$ 321,509
Claim staking	-	-	-	-	-	56,422	-	56,422
Mineral taxes	162,264	673,420	60,637	-	-	713,144	155,517	1,764,982
Depreciation	-	-	-	-	-	11,242	-	11,242
Drilling	961,573	1,891,206	284	-	-	3,436,009	34,089	6,323,161
Well drilling	-	-	-	-	-	487,505	-	487,505
Geochemistry	29,012	97,459	-	-	-	154,214	4,670	285,355
Geology and exploration	2,038,391	5,029,955	95,075	-	-	769,719	97,186	8,030,326
Geophysics	463,934	234,947	-	-	-	503,097	-	1,201,978
Other property related expenses	224,466	824,674	-	-	-	938,532	13,059	2,000,731
Permitting	-	-	-	-	-	44,033	7,589	51,622
Reclamation	2,109	2,578	-	-	-	-	-	4,687
Surface access	120,711	183,319	-	-	-	-	1,644	305,674
Trenching	-	-	-	-	-	578,600	-	578,600
Reimbursements from optionee	-	-	-	(20,000)	-	-	-	(20,000)
	<b>\$ 4,022,332</b>	<b>\$ 9,234,695</b>	<b>\$ 155,996</b>	<b>\$ (20,000)</b>	<b>\$ 4,500</b>	<b>\$ 7,692,517</b>	<b>\$ 313,754</b>	<b>\$ 21,403,794</b>

# REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

## 6. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES, (Continued)

	Mexico					Canada	USA			
	Batopilas	Guigui	La Reyna	La Gloria	Others	Trudeau	Medicine Springs	Gryphon Summit	Others	Total
<b>Exploration and evaluation assets</b>										
<b>Acquisition costs</b>										
<b>As of January 1, 2024</b>	\$ 597,262	\$ 8,422,677	\$ -	\$ -	\$ 17,077	\$ -	\$ 2,799,302	\$ 96,715	\$ -	\$ 11,933,033
Addition during the year	-	-	-	2,140,960	-	-	250,403	1,512,241	51,818	3,955,422
Write-off of exploration and evaluation assets	-	-	-	-	-	-	(3,098,978)	-	-	(3,098,978)
Foreign currency translation	-	(184,556)	-	(380)	-	-	49,273	-	-	(135,663)
<b>As of December 31, 2024</b>	\$ 597,262	\$ 8,238,121	\$ -	\$ 2,140,580	\$ 17,077	\$ -	\$ -	\$ 1,608,956	\$ 51,818	\$ 12,653,814
<b>Mineral exploration expenses for the year ended December 31, 2024</b>										
Consulting and reporting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,046	\$ -	\$ 21,046
Claim staking	-	-	-	-	-	-	514	30,795	-	31,309
Mineral taxes	-	4,243	-	-	-	-	174,875	473,542	6,034	658,694
Depreciation	-	-	-	-	-	-	-	14,329	-	14,329
Drilling	33,724	16,355	-	-	-	-	27,561	2,037,727	-	2,115,367
Geochemistry	-	38,500	-	-	-	-	2,779	192,099	-	233,378
Geology and exploration	74,204	30,058	-	-	-	-	30,717	977,879	-	1,112,858
Geophysics	-	-	-	-	-	-	2,863	5,587	-	8,450
Other property related expenses	13,904	6,337	-	-	-	-	54,605	419,135	-	493,981
Permitting	-	-	-	-	-	-	-	5,755	-	5,755
Reclamation	-	-	-	-	-	-	-	6,706	-	6,706
Surface access	-	-	-	-	-	-	-	4,072	-	4,072
Trenching	-	-	-	-	-	-	-	102,319	-	102,319
Reversal of reimbursements from optionee	-	-	-	-	20,000	-	-	-	-	20,000
	\$ 121,832	\$ 95,493	\$ -	\$ -	\$ 20,000	\$ -	\$ 293,914	\$ 4,290,991	\$ 6,034	\$ 4,828,264
<b>Cumulative mineral exploration expenses up to December 31, 2024</b>										
Consulting and reporting	\$ 19,872	\$ 297,137	\$ -	\$ -	\$ -	\$ 4,500	\$ -	\$ 21,046	\$ -	\$ 342,555
Claim staking	-	-	-	-	-	-	56,936	30,795	-	87,731
Mineral taxes	162,264	677,663	60,637	-	-	-	888,019	629,059	6,034	2,423,676
Depreciation	-	-	-	-	-	-	11,242	14,329	-	25,571
Drilling	995,297	1,907,561	284	-	-	-	3,463,570	2,071,816	-	8,438,528
Well drilling	-	-	-	-	-	-	487,505	-	-	487,505
Geochemistry	29,012	135,959	-	-	-	-	156,993	196,769	-	518,733
Geology and exploration	2,112,595	5,060,013	95,075	-	-	-	800,436	1,075,065	-	9,143,184
Geophysics	463,934	234,947	-	-	-	-	505,960	5,587	-	1,210,428
Other property related expenses	238,370	831,011	-	-	-	-	993,137	432,194	-	2,494,712
Permitting	-	-	-	-	-	-	44,033	13,344	-	57,377
Reclamation	2,109	2,578	-	-	-	-	-	6,706	-	11,393
Surface access	120,711	183,319	-	-	-	-	-	5,716	-	309,746
Trenching	-	-	-	-	-	-	578,600	102,319	-	680,919
	\$ 4,144,164	\$ 9,330,188	\$ 155,996	\$ -	\$ -	\$ 4,500	\$ 7,986,431	\$ 4,604,745	\$ 6,034	\$ 26,232,058

## REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

As at December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### 7. DEPOSITS

As of December 31, 2024, the Company has a US\$131,583 (\$183,402) reclamation bond with Bureau of Land Management for the Medicine Springs property (December 31, 2023 – US\$56,583 (\$74,837)).

### 8. SHARE CAPITAL

#### a. Authorized

There are an unlimited number of common shares without par value.

There are an unlimited number of preferred shares without par value.

#### b. Common share issuance

During the year ended December 31, 2023:

- (i) On February 13, 2023, the Company completed the first tranche of a non-brokered private placement by issuing 16,666,000 units ("Unit") at a price of \$0.30 per Unit for gross proceeds of \$4,999,800 and on February 23, 2023, the Company completed the second tranche of a non-brokered private placement by issuing 10,039,720 units ("Unit") at a price of \$0.30 per Unit for gross proceeds of \$3,011,916. Each Unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.40 until February 13, 2026 for the first tranche and until February 23, 2026 for the second tranche. Under the residual value approach, \$667,643 was assigned to the warrant component of the Units.

In connection with the private placement, the Company paid a total of \$527,833 cash finder's fee, issued 1,166,620 compensation warrants, each of which is exercisable into one Unit at a price of \$0.30 until February 13, 2025 and issued 686,572 compensation warrants, each of which is exercisable into one Unit at a price of \$0.30 until February 23, 2025. Each Unit consists of one common share and one common share purchase warrant. Each warrant will then entitle the holder to purchase one additional common share at a price of \$0.40 until February 13, 2026 for the first tranche and until February 23, 2026 for the second tranche. The value of the compensation warrants was determined to be \$202,094 calculated using the Black-Scholes option pricing model. Another \$299,748 was also included as share issue costs.

- (ii) On December 14, 2023, the Company issued 125,000 common shares with a fair value of \$28,750 to Gryphon pursuant to the property option agreement (see note 6(h)).

## REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

As at December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### 8. SHARE CAPITAL, (Continued)

#### b. Common share issuance, (Continued)

During the year ended December 31, 2024:

- (i) On February 26, 2024, the Company completed the first tranche of a non-brokered private placement by issuing 13,934,367 units ("Unit") at a price of \$0.12 per Unit for gross proceeds of \$1,672,124. On March 6, 2024, the Company completed the second tranche of a brokered private placement by issuing 20,642,276 Units for gross proceeds of \$2,477,073 and on March 13, 2024, the Company completed the third and final tranche of a brokered private placement by issuing 3,756,691 Units for gross proceeds of \$450,803. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.20 until February 26, 2027 for the first tranche, until March 6, 2027 for the second tranche, and until March 13, 2027 for the third tranche. Under the residual value approach, \$69,672 was assigned to the warrant component of the Units.

In connection with the three tranches of the private placements, the Company paid a total of \$269,464 cash finder's fee and issued the following compensation warrants exercisable into one common share at a price of \$0.12 for a period of 3 years: 926,336 compensation warrants until February 26, 2027, 1,080,490 compensation warrants until March 6, 2027, and 238,712 compensation warrants March 13, 2027. The value of the compensation warrants was determined to be \$133,752 calculated using the Black-Scholes option pricing model. Another \$73,553 paid in cash was also included as share issue costs.

- (ii) On May 3, 2024, the Company completed the first tranche of a non-brokered private placement by issuing 9,078,750 units ("Unit") at a price of \$0.16 per Unit for gross proceeds of \$1,452,600, and on May 9, 2024, the Company completed the second tranche of a non-brokered private placement by issuing 1,987,500 Units for gross proceeds of \$318,000. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.24 until May 3, 2026 for the first tranche and until May 9, 2026 for the second tranche. Under the residual value approach, \$65,269 was assigned to the warrant component of the Units.

In connection with the two tranches of the private placements, the Company paid a total of \$117,222 cash finder's fee and issued the following compensation warrants exercisable into one common share at a price of \$0.16 for a period of 2 years: 597,013 compensation warrants until May 3, 2026 and 135,625 compensation warrants until May 9, 2026. The value of the compensation warrants was determined to be \$52,147 calculated using the Black-Scholes option pricing model. Another \$107,348 paid in cash was also included as share issue costs.

- (iii) On October 30, 2024, the Company issued 22,690,020 common shares at a fair value of \$0.18 per share to acquire all of the issued and outstanding common shares of Reyna Gold (Note 4).

- (iii) During the year ended December 31, 2024, 614,000 finder's warrants were exercised at the price of \$0.12.

**REYNA SILVER CORP.**

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

**8. SHARE CAPITAL, (Continued)****c. Stock options and RSUs**

As part of the Transaction (Note 4), all outstanding options of Reyna Gold vested immediately and were exchanged for the number of options to purchase Reyna Silver shares based on the exchange ratio outlined in the Transaction. All replacement options will expire on the earlier of (i) the expiration date of the underlying option for which the replacement option was exchanged and (ii) 12 months from October 30, 2024, the date of issuance of the replacement option.

Stock option transactions and the number of stock options, including the compensation options and advisor options, for the year ended December 31, 2024 are summarized as follows:

Expiry date	Exercise price	December 31, 2023	Granted	Exercised	Expired / Cancelled	December 31, 2024
March 30, 2024	\$ 1.00	130,000	-	-	(130,000)	-
September 8, 2025	\$ 0.30	950,000	-	-	-	950,000
October 13, 2025	\$ 1.13	1,600,000	-	-	-	1,600,000
January 12, 2026	\$ 1.03	497,400	-	-	(5,000)	492,400
December 16, 2026	\$ 0.71	1,600,000	-	-	-	1,600,000
September 13, 2029	\$ 0.57	187,500	-	-	-	187,500
June 28, 2026	\$ 0.135	-	400,000	-	-	400,000
June 28, 2029 (b)	\$ 0.135	-	1,300,000	-	-	1,300,000
October 30, 2025 (a)	\$ 1.200	-	1,831,664	-	-	1,831,664
October 30, 2025 (a)	\$ 0.600	-	316,667	-	-	316,667
Options outstanding		4,964,900	3,848,331	-	(135,000)	8,678,231
Options exercisable		4,964,900	2,648,331	-	-	7,478,231
Weighted average exercise price	\$	0.80	\$ 0.680	\$ -	\$ 1.00	\$ 0.74

(a) Options of Reyna Gold were exchanged for the options of Reyna Silver.

(b) Subsequently, 200,000 options of this grant will expire on April 30, 2025 upon the resignation of an employee.

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
March 30, 2024	\$ 1.00	130,000	-	-	-	130,000
October 13, 2025	\$ 1.13	1,600,000	-	-	-	1,600,000
January 12, 2026	\$ 1.03	497,400	-	-	-	497,400
December 16, 2026	\$ 0.71	1,600,000	-	-	-	1,600,000
September 13, 2029	\$ 0.57	187,500	-	-	-	187,500
September 8, 2025	\$ 0.30	-	950,000	-	-	950,000
Options outstanding		4,014,900	950,000	-	-	4,964,900
Options exercisable		4,014,900	950,000	-	-	4,964,900
Weighted average exercise price	\$	0.92	\$ 0.30	\$ -	\$ -	\$ 0.80

**REYNA SILVER CORP.**

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**8. SHARE CAPITAL, (Continued)****c. Stock options and RSUs (Continued)**

As at December 31, 2024, the weighted average contractual remaining life of options is 1.69 years (December 31, 2023 – 2.28 years). The fair value of the stock options granted and vested during the year ended December 31, 2024 was \$84,367 (2023 - \$44,365). The weighted average fair value of stock options granted during the year ended December 31, 2024 was \$0.05 (2023 - \$0.05).

The weighted average assumptions used to estimate the fair value of options for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Expected dividend yield	nil	nil
Expected stock price volatility	79.48% - 82.67%	74.74%
Risk-free interest rate	3.43% - 3.86%	3.01%
Forfeiture rate	0.00%	0.00%
Expected life of options	2 years - 5 years	2 years

RSU transactions and the number of RSUs for the year ended December 31, 2024 are summarized as follows:

<b>Vesting date</b>	<b>December 31, 2023</b>	<b>Granted</b>	<b>Vested and converted to common shares</b>	<b>December 31, 2024</b>
June 28, 2025	-	737,500	-	737,500
June 28, 2026	-	737,500	-	737,500
June 28, 2027	-	737,500	-	737,500
June 28, 2028	-	737,500	-	737,500
RSUs outstanding	-	2,950,000	-	2,950,000

The weighted average remaining life of the outstanding RSUs as at December 31, 2024 is 1.69 years (December 31, 2023 – Nil years). The Company recognized another \$105,416 (2023 - \$Nil) share-based compensation for RSUs granted during the current period.

The fair value of RSUs granted during the year ended December 31, 2024 is the market price of the common shares at the date of grant and is amortized over the vesting period.

**REYNA SILVER CORP.**

Notes to the Consolidated Financial Statements

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**8. SHARE CAPITAL, (Continued)****d. Warrants**

The continuity of warrants for the year ended December 31, 2024 is as follows:

Expiry date	Exercise price	December 31, 2023	Issued	Exercised	Expired	December 31, 2024
June 24, 2024	\$ 0.50	6,944,443	-	-	(6,944,443)	-
February 13, 2026	\$ 0.40	16,666,000	-	-	-	16,666,000
February 23, 2026	\$ 0.40	10,039,720	-	-	-	10,039,720
May 3, 2026	\$ 0.24	-	9,078,750	-	-	9,078,750
May 9, 2026	\$ 0.24	-	1,987,500	-	-	1,987,500
February 26, 2027	\$ 0.20	-	13,934,367	-	-	13,934,367
March 6, 2027	\$ 0.20	-	20,642,276	-	-	20,642,276
March 13, 2027	\$ 0.20	-	3,756,691	-	-	3,756,691
Warrants outstanding		33,650,163	49,399,584	-	(6,944,443)	76,105,304
Weighted average exercise price	\$	0.42	\$ 0.21	\$ -	\$ 0.50	\$ 0.28

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
January 1, 2023 (a)	\$ 1.25	4,000,000	-	-	(4,000,000)	-
June 22, 2023	\$ 1.25	3,649,067	-	-	(3,649,067)	-
June 24, 2024	\$ 0.50	6,944,443	-	-	-	6,944,443
February 13, 2026	\$ 0.40	-	16,666,000	-	-	16,666,000
February 23, 2026	\$ 0.40	-	10,039,720	-	-	10,039,720
Warrants outstanding		14,593,510	26,705,720	-	(7,649,067)	33,650,163
Weighted average exercise price	\$	0.89	\$ 0.40	\$ -	\$ 1.25	\$ 0.42

(a) These warrants were granted pursuant to the mineral property option agreement (see note 6(b)).

As at December 31, 2024, the weighted average contractual remaining life of warrants is 1.69 years (December 31, 2023 – 1.79 years).

**REYNA SILVER CORP.**

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

**8. SHARE CAPITAL, (Continued)****e. Finder's Warrants**

The continuity of finder's warrants for the year ended December 31, 2024 is as follows:

Expiry date	Exercise price	December 31, 2023	Issued	Exercised	Expired	December 31, 2024
June 24, 2024	\$ 0.36	624,999	-	-	(624,999)	-
June 24, 2024	\$ 0.50	284,105	-	-	(284,105)	-
February 13, 2025 (a)	\$ 0.30	1,166,620	-	-	-	1,166,620
February 23, 2025 (a)	\$ 0.30	686,572	-	-	-	686,572
May 3, 2026	\$ 0.16	-	597,013	-	-	597,013
May 9, 2026	\$ 0.16	-	135,625	-	-	135,625
February 26, 2027	\$ 0.12	-	926,336	(257,000)	-	669,336
March 6, 2027	\$ 0.12	-	1,080,490	(357,000)	-	723,490
March 13, 2027	\$ 0.12	-	238,712	-	-	238,712
Finders warrants outstanding		2,762,296	2,978,176	(614,000)	(909,104)	4,217,368
Weighted average exercise price	\$	0.33	\$ 0.13	\$ 0.12	\$ 0.40	\$ 0.21

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
June 22, 2023	\$ 0.83	446,978	-	-	(446,978)	-
June 24, 2024	\$ 0.36	624,999	-	-	-	624,999
June 24, 2024	\$ 0.50	284,105	-	-	-	284,105
February 13, 2025 (a)	\$ 0.30	-	1,166,620	-	-	1,166,620
February 23, 2025 (a)	\$ 0.30	-	686,572	-	-	686,572
Finders warrants outstanding		1,356,082	1,853,192	-	(446,978)	2,762,296
Weighted average exercise price	\$	0.54	\$ 0.30	\$ -	\$ 0.83	\$ 0.33

- (a) Each compensation warrant is exercised into one common share and one warrant, where each full warrant is then exercisable into one common share at \$0.40 for a period of 3 years. Subsequent to December 31, 2024, 1,853,192 compensation warrants expired unexercised.

As at December 31, 2024, the weighted average contractual remaining life of finder's warrants is 1.13 years (December 31, 2023 – 0.92 years).



## REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

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### 8. SHARE CAPITAL, (Continued)

#### e. Finder's Warrants (Continued)

The weighted average assumptions used to estimate the fair value of finder's warrants for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Expected dividend yield	nil	nil
Expected stock price volatility	74.39% - 84.59%	73.53% - 74.01%
Risk-free interest rate	3.61% - 4.13%	3.99% - 4.09%
Forfeiture rate	0.00%	0.00%
Expected life of finder's warrants	2 years - 3 years	2 years

### 9. LOSS PER SHARE

#### Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2024 was based on the loss attributable to common shareholders of \$10,074,923 (December 31, 2023 – \$9,036,884) and a weighted average number of common shares outstanding of 193,183,565 (December 31, 2023 – 146,623,111).

Diluted loss per share did not include the effect of 76,105,304 warrants, 8,678,231 stock options and advisor options, 2,950,000 RSUs and 4,217,368 finders' warrants (December 31, 2023 – 33,650,163 warrants, 4,964,900 stock options and advisor options and 2,762,296 finders' warrants) since they were anti-dilutive.

**REYNA SILVER CORP.**

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

**10. RELATED PARTY TRANSACTIONS**

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, 2024

	Cash payments <sup>(1)</sup>	Shares issued <sup>(1)</sup>	Share-based payments <sup>(2)</sup>	Total
Jorge Ramiro Monroy <sup>(3)</sup> Chief Executive Officer, Director	\$ 282,000	\$ -	\$ 51,198	\$ 333,198
Michael Wood <sup>(4)</sup> Chief Financial Officer, Director	\$ 90,000	\$ -	\$ 23,338	\$ 113,338
Peter Jones <sup>(5)</sup> Director	\$ 6,250	\$ -	\$ 17,867	\$ 24,117
Alex Langer <sup>(6)</sup> Director	\$ 15,000	\$ -	\$ 16,080	\$ 31,080
Evaristo Trevino <sup>(7)</sup> Director	\$ 3,750	\$ -	\$ 14,294	\$ 18,044
Carmen Amezcuita <sup>(8)</sup> Director	\$ 3,750	\$ -	\$ 14,294	\$ 18,044
Ariel Navarro - Vice President of Exploration of the Company <sup>(9)</sup>	\$ -	\$ -	\$ 4,685	\$ 4,685
Lauren Megaw - Vice President of Corporate Development <sup>(10)</sup>	\$ -	\$ -	\$ 13,566	\$ 13,566
Bethany Terracina - Vice President of Investor Relations <sup>(11)</sup>	\$ 55,275	\$ -	\$ 14,158	\$ 69,433
<b>TOTAL:</b>	<b>\$ 456,025</b>	<b>\$ -</b>	<b>\$ 169,480</b>	<b>\$ 625,505</b>

For the year ended December 31, 2023

	Cash payments <sup>(1)</sup>	Shares issued <sup>(1)</sup>	Share-based payments <sup>(2)</sup>	Total
Jorge Ramiro Monroy <sup>(3)</sup> Chief Executive Officer, Director	\$ 300,000	\$ -	\$ -	\$ 300,000
Michael Wood <sup>(4)</sup> Chief Financial Officer, Director	\$ 120,000	\$ -	\$ -	\$ 120,000
Peter Jones <sup>(5)</sup> Director	\$ 25,000	\$ -	\$ -	\$ 25,000
Alex Langer <sup>(6)</sup> Director	\$ 20,000	\$ -	\$ -	\$ 20,000
Evaristo Trevino <sup>(7)</sup> Director	\$ 15,000	\$ -	\$ -	\$ 15,000
Carmen Amezcuita <sup>(8)</sup> Director	\$ 15,000	\$ -	\$ -	\$ 15,000
Ariel Navarro - Vice President of Exploration of the Company <sup>(9)</sup>	\$ -	\$ -	\$ 2,335	\$ 2,335
<b>TOTAL:</b>	<b>\$ 495,000</b>	<b>\$ -</b>	<b>\$ 2,335</b>	<b>\$ 497,335</b>

# REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

As at December 31, 2024 and 2023

(Expressed in Canadian dollars)

## 10. RELATED PARTY TRANSACTIONS, (Continued)

- (1) Included in the Management and director fees in the consolidated statements of loss and comprehensive loss.
- (2) Amount represents the Black-Scholes calculation of the stock options granted and vested to the individual and fair value of the RSUs amortized over the vesting period during the period and is included in the Share-based compensation in the consolidated statements of loss and comprehensive loss.
- (3) Jorge Ramiro Monroy's cash payments as the Chief Executive Officer were paid through Emerging Markets Capital Limited.
- (4) Michael Wood became a director of the Company effective June 3, 2020 and the Chief Financial Officer effective July 6, 2020. Mr. Wood's cash payments as the Chief Financial Officer were paid through Athena Jade Limited.
- (5) Peter Jones became a director of the Company effective June 3, 2020.
- (6) Alex Langer's director fee was paid through Andros Capital Corp.
- (7) Evaristo Trevino became a director of the Company effective September 21, 2020.
- (8) Carmen Amezcuita became a director of the Company effective December 30, 2022. Carmen Amezcuita's director fee was paid through Amezcuita Management Inc.
- (9) Ariel Navarro became the Vice President of Exploration of the Company effective June 3, 2020.
- (10) Lauren Megaw became the Vice President of Corporate Development of the Company effective June 15, 2024.
- (11) Bethany Terracina became the Vice President of Investor Relations of the Company effective June 15, 2024 and subsequently resigned effective March 31, 2025.

Related party transactions and balances:

		For the		Amounts in due to related parties	
		Years ended December 31		As at	As at
Services for:		2024	2023	December 31, 2024	December 31, 2023
Emerging Capital Markets <sup>(1)</sup>	Management fee and reimbursements	\$ 386,569 <sup>(7)</sup>	\$ 431,836 <sup>(8)</sup>	\$ 71,562	\$ 66,954
Jorge Ramiro Monroy	Loan	-	-	35,445	-
Athena Jade Limited <sup>(2)</sup>	Management fee	90,000	120,000	93,000	20,000
	Expense	-	-	55	-
Michael Wood	reimbursements	-	-	-	-
Andros Capital Corp. <sup>(3)</sup>	Director fee and consulting fee	15,000	20,000	5,250	5,250
Peter Jones	Director fee	6,250	25,000	-	6,250
Evaristo Trevino	Director fee	3,750	15,000	-	3,750
Cassiar Gold Corp. <sup>(4)</sup>	Rent	10,647	18,252	4,563	3,042
Amezcuita Management Inc. <sup>(5)</sup>	Director fee	3,750	15,000	-	6,300
	Management fee and reimbursements	67,938 <sup>(9)</sup>	-	981	-
Bethany Terracina	Reimbursements	36,169	-	29,023	-
Ariel Navarro	Loan	-	-	20,781	-
Reyna Silver Hong Kong Limited <sup>(6)</sup>	Loan	-	-	-	-
Total		\$ 620,073	\$ 645,088	\$ 260,660	\$ 111,546

- (1) Jorge Ramiro Monroy is the managing director of this private company.
- (2) Michael Wood is the sole director of this private company.
- (3) Alex Langer is the owner of this private company.
- (4) Michael Wood is a director of this company.
- (5) Carmen Amezcuita is the owner of this private company.
- (6) Michael Wood and Jorge Ramiro Monroy are the sole directors of this private company.
- (7) Included in this amount is \$104,569 related to expense reimbursements.
- (8) Included in this amount is \$131,836 related to expense reimbursements.
- (9) Included in this amount is \$12,663 related to expense reimbursement.

## REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

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### 11. SHAREHOLDERS' LOANS

The shareholders' loans are unsecured, bearing interest ranging from 0% to 2% and have no specific repayment terms. Subsequent to December 31, 2024, the shareholders' loans were repaid.

### 12. COMMITMENTS

- a. The Company is committed to issue a total of 1,188,681 common shares to its directors, officers and consultants for consulting and geological consulting services.
- b. On December 16, 2022, the Company entered into a Collaborative Research Agreement with the University of British Columbia pursuant to which the Company is required to make the payments as follows:
  - \$31,000 on the Effective date of the agreement (paid);
  - \$31,000 on the first anniversary of the Effective date (paid); and
  - \$31,000 on the second anniversary of the Effective date.

### 13. FINANCIAL INSTRUMENTS

The fair value of the Company's cash and cash equivalents, receivables (excluding sales tax), exploration deposits, trade and other payables, due to related parties and shareholders' loans approximate their carrying values.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

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

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

#### (a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash holdings and receivables. The Company manages credit risk by placing cash with major Canadian and Mexican financial institutions. Management believes that credit risk related to these amounts is low.

## REYNA SILVER CORP.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

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### 13. FINANCIAL INSTRUMENTS, (Continued)

#### (b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash and cash equivalents, primarily through private placements. The Company access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

#### (c) Interest rate risk

Interest rate risk is the risk that any investment income or investment value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk is minimal.

#### (d) Currency risk

The Company's property interests in Mexico and the USA 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 as well as between the Canadian dollar and the US dollar. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary assets of approximately 42,874,000 Mexican pesos and net monetary liabilities of approximately 878,500 US dollars. A 1% change in the absolute rate of exchange in Mexican pesos and US dollar would affect its net loss by approximately \$20,000.

#### (e) Management of industry risk

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

## **REYNA SILVER CORP.**

Notes to the Consolidated Financial Statements

As at December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### **14. CAPITAL MANAGEMENT**

The Company manages its cash and cash equivalents, common shares, warrants, finder's warrants and share purchase options and RSUs as capital (see note 8). 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.

**REYNA SILVER CORP.**

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(Expressed in Canadian dollars)

**15. INCOME TAXES**

No provision has been made for current income taxes as the Company has no taxable income. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2024	2023
Loss before income taxes	\$ 10,074,923	\$ 9,036,884
Effective statutory rate	25.07%	24.83%
Expected income tax recovery	2,525,300	2,245,300
Net adjustment for amortization and non-deductible amounts	(550,800)	75,800
True-up of prior year amounts	95,500	(48,100)
Deferred income tax assets acquired as per the Transaction	3,841,000	-
Change in unrecognized benefit of tax pool assets	(5,911,000)	(2,273,000)
Total deferred income tax recovery	\$ -	\$ -

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

	2024	2023
<b>Deferred income tax assets</b>		
Exploration and evaluation assets	\$ 499,000	\$ 293,000
Non-capital loss carryforwards	14,379,000	8,680,000
Capital loss carryforwards	90,000	90,000
Investment	-	-
Share issue costs	382,000	376,000
	15,350,000	9,439,000
Valuation allowance	(15,350,000)	(9,439,000)
Net deferred income tax assets	\$ -	\$ -

The Company's Canadian non-capital loss carry-forwards of approximately \$25,187,000 expire between 2039 and 2044. The Company also has loss carry-forwards in Mexico and the USA of approximately \$19,663,000 and \$7,998,000, respectively.

**REYNA SILVER CORP.**

Notes to the Consolidated Financial Statements

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**16. SEGMENTED FINANCIAL INFORMATION**

The Company operates in one industry segment, being the acquisition and exploration of mineral properties. Geographic information is as follows:

	December 31, 2024	December 31, 2023
Non-current assets		
Mexico	\$ 14,109,617	\$ 11,550,729
USA	1,940,385	3,026,202
	<u>\$ 16,050,002</u>	<u>\$ 14,576,931</u>

	Years ended December 31 2024	2023
Mineral exploration expenses		
Mexico	\$ 217,325	\$ 1,611,658
USA	4,590,939	4,619,273
	<u>\$ 4,808,264</u>	<u>\$ 6,230,931</u>

**17. EVENTS AFTER THE REPORTING PERIOD**

- (a) On February 5, 2025, the Company completed the first tranche of a non-brokered private placement by issuing 14,889,999 units ("Unit") at a price of \$0.075 per Unit for gross proceeds of \$1,116,750. On February 14, 2025, the Company completed the second tranche of a non-brokered private placement by issuing 21,439,900 Units at a price of \$0.075 per Unit for gross proceeds of \$1,607,992. On February 28, 2025, the Company completed the third tranche of a non-brokered private placement by issuing 1,420,000 Units at a price of \$0.075 per Unit for gross proceeds of \$106,500. On March 14, 2024, the Company completed the final tranche of a non-brokered private placement by issuing 2,623,066 Units at \$0.075 per Unit for gross proceeds of \$196,730. In aggregate, the Company issued 40,372,965 Units for aggregate gross proceeds of \$3,027,972 in the offering.

Each Unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.12 until February 5, 2028 for the first tranche, until February 14, 2028 for the second tranche, until February 28, 2028 for the third tranche, and until March 14, 2028 for the final tranche.

In connection with the private placement, the Company paid a total of \$98,441 cash finder's fee, issued 52,500 compensation warrants, each of which is exercisable into one common share at a price of \$0.075 until February 5, 2028, issued 1,219,043 compensation warrants, each of which is exercisable into one common share at a price of \$0.075 until February 14, 2028, and issued 21,000 compensation warrants, each of which is exercisable into one common share at a price of \$0.075 until February 28, 2028.

- (b) In addition, the Company has entered into a debt settlement agreement with an arm's-length creditor to settle an aggregate amount of \$64,019 in outstanding debt relating to services rendered, through the issuance of an aggregate of 853,583 units at a deemed price of \$0.075 per Unit. Closing of the debt settlement transaction is subject to customary closing conditions, including the approval of the Exchange. The Units to be issued pursuant to the debt settlement transaction will be subject to a hold period of four months and one day following the date of issuance, in accordance with applicable securities laws and Exchange policies.
- (c) In March 2025, the Company received a VAT tax refund of \$8,571,907 Mexican pesos (approximately \$600,000) from the Mexican government.