REGENCY SILVER CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

OF

INTERIM FINANCIAL STATEMENTS

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

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

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

Regency Silver Corp.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

	Note		March 31, 2022		December 31, 2021
ASSETS					
Current Assets					
Cash		$	240	$	1,478
Amounts receivable			71,812		67,492
Prepaid expenses			10,000		10,000
			82,052		78,970
Non-current Assets					
Deposit			10,000		10,000
Exploration and evaluation assets	4		1,009,686		1,005,882
TOTAL ASSETS		**$**	**1,101,738**	**$**	**1,094,852**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	7	$	509,452	$	458,156
Note payable	6		135,000		53,750
			644,452		511,906
SHAREHOLDERS' EQUITY					
Share capital	5		4,718,756		4,718,756
Reserves	5		7,379		7,379
Accumulated deficit			(4,268,849)		(4,143,189)
Total shareholders' equity			457,286		582,946
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**1,101,738**	**$**	**1,094,852**

Nature of operations – Note 1
Going concern – Note 2
Contingency – Note 11
Commitments – Note 12
Subsequent events – Note 13

Approved on behalf of the Board of Directors:

"Gijsbert Groenewegen", Director

"Bruce Bragagnolo", Director

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

Regency Silver Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

	Note		Three months ended March 31, 2022		March 31, 2021
EXPENSES					
Consulting	7	$	7,500	$	7,500
Exchange and filing fees			-		10,000
Management fees	7		67,500		61,500
Office			18,449		46,841
Professional fees			25,521		30,243
Rent			5,597		7,126
			(124,567)		(163,210)
OTHER ITEMS					
Interest expense	6		(1,250)		(5,000)
Foreign exchange			157		(2,997)
LOSS AND COMPREHENSIVE LOSS		$	(125,660)	$	(171,207)
Loss per share, basic and diluted		$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding			**49,653,368**		**44,270,050**

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

Regency Silver Corp.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited - expressed in Canadian dollars)

		Share Capital				
	Note	**Number**	**Amount**	**Reserves**	**Deficit**	**Total**
			$	**$**	**$**	**$**
Balance, December 31, 2020		**43,871,201**	**3,989,231**	**7,379**	**(3,036,115)**	**960,495**
Shares issued in private placement	**5**	2,980,000	332,000	-	-	332,000
Share issuance costs	**5**	-	(15,000)	-	-	(15,000)
Net loss for the period		-	-	-	(171,207)	(171,207)
Balance, March 31, 2021		**46,851,201**	**4,306,231**	**7,379**	**(3,207,322)**	**1,106,288**
Balance, December 31, 2021		**49,653,368**	**4,718,756**	**7,379**	**(4,143,189)**	**582,946**
Net loss for the period		-	-	-	(125,660)	(125,660)
Balance, March 31, 2022		**49,653,368**	**4,718,756**	**7,379**	**(4,268,849)**	**457,286**

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

Regency Silver Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

		Three months ended		
		March 31, 2022		**March 31, 2021**
OPERATING ACTIVITIES:				
Net loss	$	(125,660)	$	(171,207)
Items not affecting cash:				
Interest expense not paid in cash		1,250		-
Net changes in non-cash working capital items:				
Amounts receivable		(4,320)		(4,777)
Prepaid expenses		-		1,884
Accounts payable and accrued liabilities		51,296		(42,387)
Cash used in operating activities		(77,434)		(216,487)
INVESTING ACTIVITIES				
Exploration and evaluation assets		(3,804)		(71,421)
Cash used in investing activities		(3,804)		(71,421)
FINANCING ACTIVITIES				
Proceeds received from issuance of note		80,000		55,000
Proceeds from issuance of common shares		-		317,000
Cash provided by financing activities		80,000		372,000
Change in cash		(1,238)		84,092
Cash, beginning of period		1,478		12,798
Cash, end of period	**$**	**240**	**$**	**96,890**

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

1. NATURE OF OPERATIONS

Regency Silver Corp. (the “Company”) was incorporated on March 23, 2017 under the laws of the Province of British Columbia, Canada, and its principal activity is the identification, evaluation, acquisition and exploration of mineral properties in Mexico and Peru. The corporate head office, principal address and registered and records offices of the Company are located at Suite 1100, 570 Granville Street, Vancouver, British Columbia, V6C 3P1, Canada.

The recoverability of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these condensed consolidated interim financial statements.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

The Company completed an initial public offering (“IPO”) as further described in note 13.

2. GOING CONCERN

These condensed consolidated interim financial statements are presented on a going concern basis, which assumes the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. There are conditions and events that cast significant doubt on the validity of this assumption. The Company has a working capital deficit at March 31, 2022 of $562,400 (December 31, 2021 of $432,936) and an accumulated deficit of $4,268,849 (December 31, 2021 - $4,143,189). The Company has no source of revenue and does not have sufficient cash resources to meet its administrative overhead. The Company does not generate cash flows from operations and has therefore relied principally on the issuance of equity securities to finance its operation activities to the extent that such instruments are issuable under terms acceptable to the Company. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates. These material uncertainties may cast significant doubt as to the ability of the Company to continue as a going concern. The condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, and exploration and development activities.

3. BASIS OF PRESENTATION

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company's audited consolidated financial statements for the year ended December 31, 2021. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued as of the date the Board of Directors approved the financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2021.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 26, 2022.

3.1. Basis of Consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its wholly-owned subsidiaries, Regency Silver S.A. de C.V., incorporated and located in Mexico ("Regency Mexico") and Regency Mining SAC, incorporated and located in Peru ("Regency Peru"). All significant intercompany transactions and balances have been eliminated on consolidation.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Functional currency
Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

Going concern
The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment. The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Impairment of exploration and evaluation assets
The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation assets. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely, and exploration and evaluation assets should be impaired.

Critical Accounting Estimates

Income Taxes
The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Provision for Litigation
Management has assessed the future obligation of the Company in relation to the claim disclosed in Note 11. Provisions are measured at their best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation, and reflects the present value of expenditures required to settle the obligation where the time value of money is material. As of the date of these financial statements, uncertainty exists relating to the timing and amounts of any possible cash settlements. Accordingly, management has not recorded a provision in these condensed consolidated interim financial statements for the claim.

Valuation of share-based compensation
The Company uses the Black-Scholes option pricing model for valuation of share-based. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves. Common shares issued for compensation are valued based on the most recent third-party financing values.

(Unaudited - expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

A continuity of the Company's exploration and evaluation assets is as follows:

	Dios Padre	El Tule	Total Expenditures
	$	$	$
Balance, December 31, 2020	**912,979**	**242,200**	**1,155,179**
Acquisition cost	38,191	52,233	90,424
Consulting and professional fees	30,218	763	30,981
Property taxes and payments	24,297	8,126	32,423
Impairment of exploration and evaluation assets	-	(303,125)	(303,125)
Balance, December 31, 2021	**1,005,685**	**197**	**1,005,882**
Consulting and professional fees	3,804	-	3,804
Balance, March 31, 2022	**1,009,489**	**197**	**1,009,686**

Dios Padre Property, Mexico

The Company's subsidiary, Regency Mexico, entered into an Option to Purchase and Promise to Assignment Agreement dated November 27, 2017 ("Option Agreement"), subsequently amended, with Minera Pena Blanca, S.A. de C.V. ("Minera Pena"), pursuant to which Regency Mexico was granted an option to purchase 100% title to the mineral concessions comprising the Dios Padre mineral property located in Yecora, Sonora, Mexico in consideration of:

1. the payment of US$145,000 plus Value-Added Tax ("VAT") as follows:
   - US$25,000 on the date of signing (paid);
   - US$30,000 on or before November 27, 2018 (paid);
   - US$30,000 on or before November 27, 2019 (paid);
   - US$30,000 on or before November 27, 2020 (paid); and
   - US$30,000 on or before November 27, 2021 (paid).
2. incurring aggregate exploration expenditures of not less than US$1,000,000 as follows:
   - US$250,000 on or before November 27, 2018; (incurred)
   - US$500,000 on or before November 27, 2021 (extended – see disclosure below);
   - US$250,000 on or before April 30, 2022 (extended – see disclosure below).

Pursuant to the Option Agreement, Minera Pena will retain a 3% net smelter return royalty, 2% of which can be purchased by the Company for US$1.5 million. Minera Pena may be obligated to pay an underlying 2.5% net smelter return royalty in favour of a third party. In the event the underlying royalty is valid, Regency may not be able to reduce the NSR to 1%. The Dios Padre Property may be subject to advance minimum royalty payments of US$100,000 due January 1st of each year, payable by Minera Pena to third parties.

During the four-year option period, Regency Mexico is required to maintain all concessions in good standing including making tax payments and filing proper documents with the Dirección General de Minas (DGM). The Option Agreement also stipulates a two km Area of Influence requiring that any third-party concession(s) acquired by Minera Pena by filing or contract be made a part of the Option

Agreement. Within this Area of Influence, however, Regency Mexico is not obligated to make any concessions they acquire part of the Option Agreement.

The Option Agreement was amended by an extension agreement dated September 1, 2019 (the "**Extension Agreement**") wherein Minera Pena granted Regency Mexico an extension until November 27, 2020, for the balance of the aggregate exploration expenditures originally due by November 27, 2019. As consideration for the extension, the Company issued 250,000 common shares.

The Option Agreement was further amended by extension agreements dated November 24, 2020, June 10, 2021, October 12, 2021, and February 15, 2022 (collectively, the "Amended Extension Agreements") wherein Minera Pena granted Regency Mexico an extension until June 30, 2022, for the expenditure of the balance of US$500,000 in aggregate exploration expenditures. In addition, the time for the expenditure of the balance of US$250,000 in exploration expenditures due by February 28, 2022, was extended until April 30, 2023. As consideration for the extensions, the Company has agreed to pay the sum of US$20,000 to Minera Pena on the earlier of the date which is 10 days from the listing of the Company's shares on any recognized exchange in Canada or June 30, 2022.

<u>Ejido La Trinidad Agreement</u>

To acquire necessary surface access and use, Regency Mexico executed a four-year agreement with the Ejido "La Trinidad" on November 29, 2017 requiring the Company to make annual payments of US$6,000 and minor improvement costs. During the year ended December 31, 2021, the Ejido La Trinidad Agreement has expired and no further amendments were made.

El Tule Property, Mexico

Regency Mexico entered into a Promissory Assignment of Exploration and Exploitation Rights and Option Agreement with Mr. Alberto Marcos Carrillo Armenta dated February 22, 2018 (the "Armenta Agreement") to acquire a 100% interest in the El Tule property located in Northern Nayarit, Mexico. As consideration, the Company will pay a total of US$600,000 whereby US$100,000 will be paid within the first four months, US$400,000 will be paid over 4 years (in 6-month increments) and US$100,000 will be paid upon execution and formalization of the El Tule Assignment Agreement.

The Armenta Agreement also calls for a bonus payment of US$1,000,000 on delivery of a NI 43-101 report which identifies one million ounces of gold on the property. Pursuant to the Armenta Agreement, in the event that the shares of the Company get listed on a stock exchange, the Company may issue common shares for payments in an amount totaling US$200,000.

During the year ended December 31, 2019, the agreement was amended whereby the Company paid an additional US$25,000 to keep the Armenta Agreement in good standing.

On December 14, 2020, August 14, 2020, and April 5, 2021, the Armenta Agreement was amended and the payments were changed to US$604,000 as follows:

- US$20,000 paid to date;
- US$6,000 per month for the months of December 2020 to June 2021 (paid);
- US$42,000 by July 14, 2021; and

- US$50,000 by October 14, 2021 and every 6 months thereafter until a total of US$400,000 has been paid and a final payment of US$100,000 upon execution and formalization of the El Tule Assignment Agreement.

Due to a lack of access to the El Tule Property due to COVID, on August 18, 2021 the Company gave notice of force majeure under the Armenta Agreement. Mr. Carrillo Armenta has disputed force majeure. The Company will seek to negotiate a resolution to this issue after completion of the Offering (see note 13). The Company plans to make the payment of US$42,000 which was due by July 14, 2021 and the payments of a further US$100,000, from the proceeds of the Offering. It also plans to expend US$100,000 on a first phase mapping and sampling program. In the event Mr. Carrillo Armenta commences legal action to have the Armenta Agreement cancelled, the Company will defend such action.

The El Tule Property is comprised of certain concessions in the State of Nayarit, Mexico.

During the year ended December 31, 2021, the Company recorded an impairment of $303,125 on the El Tule Property.

La Libertad Project, Peru

The Company, through Regency Peru, holds title to certain claims located in the La Libertad Mining District in north-central Peru in proximity to the Lagunas Norte and La Arena mines.

5. SHARE CAPITAL

Authorized Capital

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Issued Share Capital

There were no shares issued during the three months ended March 31, 2022.

During the three months ended March 31, 2021, the Company issued a total of 2,980,000 common shares as follows:

- In January 2021, the Company closed a private placement through the issuance of 1,500,000 units at $0.10 per unit for total proceeds of $150,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.30 per warrant in the first year, and $0.35 per warrant in the second year, expiring two years from the date of the listing of the Company's shares on any recognized exchange in Canada. In connection with the private placement, the Company paid $15,000 in share issuance costs.

- In January 2021, the Company closed a private placement through the issuance of 800,000 common shares at $0.10 per common share for gross proceeds of $80,000.

(Unaudited - expressed in Canadian dollars)

- In March 2021, the Company closed a private placement through the issuance of 680,000 common shares at $0.15 per common share for gross proceeds of $102,000.

Warrants

A summary of the changes in warrants is presented below:

	Share Purchase Warrants		
	Number		Weighted average exercise price
Outstanding, December 31, 2020	1,640,000	$	0.10
Granted	1,500,000		0.30
Outstanding, December 31, 2021	3,140,000		0.27
Exercisable, March 31, 2022	3,140,000	$	0.10

The following warrants were outstanding as at March 31, 2022:

Number		Exercise price	Expiry Term
140,000	$	0.10	April 26, 2024
1,500,000	$	0.10	April 26, 2024
1,500,000	$	0.30	April 26, 2024
3,140,000			

As part of a finders' fee agreement, the Company issued 140,000 warrants of the Company during fiscal 2020, each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.10 per warrant expiring April 26, 2024. These warrants were valued at $7,379 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the warrants: 2 years, expected dividend yield: 0%, and risk-free interest rate: 1.38%.

Stock Option Plan

The Company adopted a Stock Option Plan where directors, officers, employees, consultants and related persons of the Issuer, or persons engaged in investor relations activities on behalf of the Issuer are eligible to receive grants of options under the Stock Option Plan. The maximum number of common shares reserved for issuance upon exercise of options granted pursuant to the provisions of the Stock Option Plan at any time shall not exceed 10% of the issued and outstanding common shares of the Issuer at the relevant time less any common shares required to be reserved with respect to any other options granted prior to the adoption and implementation of the Stock Option Plan. The exercise price of any options granted is determined by the Board of Directors in its sole discretion as of the date the Board of Directors grants the options, and shall not be less than the discounted Market Price as calculated and defined in accordance with the policies of the TSX Venture Exchange. Vesting terms are also determined by the Board of Directors.

(Unaudited - expressed in Canadian dollars)

During the year ended December 31, 2020, the Company granted 4,100,000 incentive stock options at a purchase price equal to the price of the Company's IPO exercisable for a period of five years.

During the year ended December 31, 2021, the Company agreed to grant a total of an additional 750,000 incentive stock options to its directors subject to the completion of the IPO. Since the stock options are contingent on the IPO closing, the share-based compensation expense was not recognized as at March 31, 2022 and December 31, 2021.

6. NOTE PAYABLE

On January 18, 2021, the Company issued a promissory note to an arm's length party for a $50,000 loan with interest of $5,000. The principal amount plus interest was originally due by March 31, 2021. The Company paid the interest of $5,000 on April 8, 2021 and received an extension until July 30, 2021 for the repayment of the principal amount of $50,000 plus interest at the rate of 10% per annum from April 1, 2021. On October 14, 2021, the promissory note was amended such that the Company received an extension until January 31, 2022. During the three months ended March 31, 2022, the Company received an additional $80,000 in loans. The loans were paid back subsequent to period end.

7. RELATED PARTY TRANSACTIONS

Key management personnel include the members of the Board of Directors and officers of the Company who have the authority and responsibility for planning, directing and controlling the activities of the Company. Amount paid and accrued to directors, former directors and officers are as follows:

	For the three months ended March 31, 2021	March 31, 2020
Management and director compensation:		
Management fees	$ 61,500	$ 61,500
Consulting fees	7,500	7,500
Total management compensation	$ 69,000	$ 69,000

Included in accounts payable and accrued liabilities is $114,500 (2021 - $77,346) owed to the directors and officers of the Company. These amounts are non-interest bearing with no specific terms of repayment.

During the period ended March 31, 2022, the Company did not issue common shares to officers or directors of the Company.

8. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

9. RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is high credit quality financial institutions as determined by rating agencies. Receivables are due from a government agency.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to exchange risk as its mineral property interests are located in Mexico and Peru and certain transactions are conducted in the US dollar.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this risk by careful management of its working capital. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There is no assurance of continued access to significant equity funding. The Company requires additional funding to continue with its ongoing operations and exploration commitments and accordingly is exposed to liquidity risks.

Fair value measurement

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

- Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The carrying values of cash and accounts payable approximate their fair values due to their short-term to maturity. The Company records its cash at FVTPL and its amounts receivable and accounts payable and accrued liabilities at amortized cost. Cash is measured using level 1 inputs.

10. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment being the exploration and evaluation of exploration and evaluation assets. As at March 31, 2022 and December 31, 2021, the full exploration and evaluation asset balance relates to expenditures incurred in Mexico.

11. CONTINGENCY

The Company and one of its directors have been named as defendants in a legal proceeding commenced in the Supreme Court of British Columbia. The legal proceeding claims damages against the director and the Company for a breach of an agreement. A trial date has been set for April of 2023. As of the date of these condensed consolidated interim financial statements, uncertainty exists relating to the timing and amount of any possible cash settlements. Management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.

12. COMMITMENTS

On June 1, 2020 the Company entered into a management consulting agreement with the Executive Chairman of the Company whereby the Executive Chairman agreed to provide management services to the Company. The agreement provides for the payment of $10,000 per month commencing June 1, 2020 for services provided. In the event of termination of the agreement without cause or a change of control of the Company, the Company must pay severance equal to 12 months of management fees.

On July 1, 2020 the Company entered into a management consulting agreement with the Chief Executive Officer ("CEO") and President of the Company whereby the CEO and President agreed to provide management services to the Company. The agreement provides for the payment of $8,000 per month commencing July 1, 2020 for services provided. In the event of termination of the agreement without cause or a change of control of the Company, the Company must pay severance equal to 12 months of management fees.

On July 27, 2020, the Company entered into an independent consultant agreement with the Chief Financial Officer ("CFO") of the Company for the provision of financial consulting services to the Company. The agreement provides for the payment of $3,000 per month plus the goods and services tax for the months of August and September 2020. Commencing October 1, 2020, the fees will be $2,500 per month. The CFO will be entitled to a severance payment of 4 months of consulting fees in the event of early termination of the agreement without cause.

13. SUBSEQUENT EVENTS

Subsequent to March 31, 2022, the Company paid back all outstanding loans.

Initial Public Offering

On March 16, 2022, the Company filed its amended and restated initial public offering ("IPO") of up to 12,000,000 common shares at a price of $0.25 per common share for gross proceeds of up to $3,000,000. On April 26, 2022, the Company closed its IPO of 13,019,300 common shares, of which 1,019,300 Shares were sold pursuant to an over-allotment option, at a price of $0.25 per common share for gross proceeds of $3,254,825. The Company began trading on the TSX Venture Exchange under the ticker symbol "RSMX".

As part of the IPO, the Company has entered into an engagement letter with a national brokerage house (the "Agent"). On the closing of the IPO, the Company:

- issued Agent's Warrants equal in number to 8% of the number of shares sold under the IPO, including any Shares sold upon exercise of the over-allotment option. Each Agent's Warrant will entitle the Agent to purchase one Agent's Warrant Share at an exercise price equal to $0.25 per Agent's Warrant Share. The Agent's Warrants may be exercised during a term of 24 months commencing on the Closing Date;
- paid a cash commission equal to 8% of the gross proceeds raised;
- paid the Agent a Corporate Finance Fee of $30,000 (plus GST) in cash, $15,000 of which has been paid and $15,000 (plus GST) was paid on the closing date of the IPO; and
- paid $93,130 in Agent expenses relating to the IPO.