

MASIVO SILVER CORP.
(Formerly Gainey Capital Corp.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, 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 Masivo Silver Corp. as at September 30, 2021 and 2020, notes to unaudited condensed consolidated interim financial statements and related Management's Discussion and Analysis have been prepared by and are the responsibility of management.

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

MASIVO SILVER CORP.
(Formerly Gainey Capital Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

AS AT

	SEPTEMBER 30, 2021	MARCH 31, 2021
ASSETS		
Current		
Cash and cash equivalents	\$ 291,227	\$ 541,565
Restricted cash (Note 11)	46,000	46,000
Receivables	16,648	13,185
Prepaid expenses	4,905	14,075
	358,780	614,825
Plant and equipment (Note 4)	164,306	183,583
Exploration and evaluation asset (Note 5)	20,000	20,000
	\$ 543,086	\$ 818,408
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 205,509	\$ 272,027
Shares subscriptions returnable (Note 7)	2,550	2,550
	208,059	274,577
Equity		
Share capital (Note 7)	13,957,970	13,957,970
Share subscriptions receivable (Note 7)	(52,400)	(52,400)
Reserves	1,575,120	1,575,120
Deficit	(15,145,663)	(14,936,859)
	335,027	543,831
	\$ 543,086	\$ 818,408

Nature and continuance of operations (Note 1)

Subsequent event (Note 13)

On behalf of the Board:

“David Coburn”

Director

“Barry Lee”

Director

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

MASIVO SILVER CORP.**(Formerly Gainey Capital Corp.)****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS****(Expressed in Canadian Dollars)**

	Three months ended September 30, 2021	Three months ended September 30, 2020	Six months ended September 30, 2021	Six months ended September 30, 2020
EXPENSES				
Accounting and audit	\$ 7,500	\$ 7,500	\$ 15,000	\$ 22,500
Amortization	9,638	12,294	19,277	24,588
Legal	2,348	221	6,895	1,211
Management fees	37,595	39,963	74,600	81,453
Mineral property expenses	32,998	-	69,940	-
Office	3,832	-	8,289	5,617
Transfer agent and regulatory fees	11,578	2,869	14,844	8,949
	(105,489)	(62,847)	(208,845)	(144,318)
OTHER INCOME				
Foreign exchange (loss) / gain	87	-	41	(3,858)
Write-off of Accounts payables	-	6,600	-	6,600
	87	6,600	41	2,742
Loss and comprehensive loss for the period	\$ (105,402)	\$ (56,247)	\$ (208,804)	\$ (141,576)
Loss per common share – basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding:				
Basic and diluted	95,946,472	84,196,472	95,946,472	84,196,472

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

MASIVO SILVER CORP.
(Formerly Gainey Capital Corp.)
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021 and 2020

	Number of Shares	Amount	Share subscriptions receivable	Reserves	Deficit	Total
Balance – April 1, 2020	84,196,472	13,332,970	(52,400)	1,420,220	(11,974,428)	2,726,362
Loss for the period	-	-	-	-	(141,576)	(141,756)
Balance – September 30, 2020	84,196,472	\$ 13,332,970	\$ (52,400)	\$ 1,420,220	\$ (12,116,004)	\$ 2,584,786
Balance – April 1, 2021	95,946,472	13,957,970	(52,400)	1,575,120	(14,936,859)	543,831
Loss for the period	-	-	-	-	(208,804)	(208,804)
Balance – September 30, 2021	95,946,472	\$ 13,957,970	\$ (52,400)	\$ 1,575,120	\$ (15,145,663)	\$ 335,027

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MASIVO SILVER CORP.
(Formerly Gainey Capital Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Three months ended September 30, 2020	Three months ended September 30, 2020	Six months ended September 30, 2020	Six months ended September 30, 2019
CASH PROVIDED BY (USED IN):				
Cash flows from operating activities:				
Loss for the period	\$ (105,402)	\$ (56,247)	\$ (208,804)	\$ (141,576)
Non-cash items:				
Amortization	9,638	12,294	19,277	24,588
Share-based compensation	-	-	-	-
Changes in non-cash working capital:				
GST receivable	(42)	(1,951)	(3,463)	(2,675)
Prepaid expense	4,586	2,435	9,170	4,868
Trade and other payables	(8,180)	6,807	(66,518)	72,585
	(99,400)	(36,562)	(250,338)	(42,210)
Increase (decrease) in cash	(99,400)	(36,562)	(250,338)	(42,210)
Cash – beginning of period	390,627	69,911	541,565	75,459
Cash – end of period	\$ 291,227	\$ 33,249	\$ 291,227	\$ 33,249

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MASIVO SILVER CORP.
(Formerly Gainey Capital Corp.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

1. NATURE AND CONTINUANCE OF OPERATIONS

Masivo Silver Corp. (formerly Gainey Capital Corp.) (the “Company”) is in the business of mineral property exploration and development in Mexico. The Company was incorporated under the Business Corporations Act (British Columbia) on February 11, 2011 and is publicly listed on the TSX Venture Exchange (the “Exchange”) under the symbol MASS. The Company’s head office is located at Suite 312–125 West 18th Street, Vancouver, BC, Canada V7M 1W5.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

The Company had a net loss of \$208,804 for the six months ended September 30, 2021, and an accumulated deficit of \$15,145,663 (March 31, 2021 – \$14,936,859), which has been funded primarily by the issuance of equity. The Company’s ability to continue as a going concern is uncertain and is dependent upon the generation of profits from exploration and evaluation assets, obtaining additional financing or maintaining continued support from its shareholders and creditors. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company’s assets may be adversely affected. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These consolidated interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

In March 2020, there was a global outbreak of COVID-19, which continues to rapidly evolve. The extent to which the COVID-19 coronavirus may impact the Company will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, social distancing, business closures or business disruptions, and the effectiveness of actions taken by countries to contain and treat the disease.

2. BASIS OF PREPARATION

Statement of compliance

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

These unaudited condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on November 26, 2021.

Consolidation

The condensed consolidated interim financial statements include, on a consolidated basis, the assets, liabilities, revenues and expenses of the Company and its wholly-owned dormant subsidiaries, Gainey Mexico, S.A. de C.V. and Minera Buena Fortuna, S.A. de C.V., which were incorporated in Mexico and which carry out the exploration and evaluation activities in Mexico. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All intercompany transactions and balances are eliminated on consolidation.

MASIVO SILVER CORP.
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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2. BASIS OF PREPARATION (cont'd)

Basis of measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. NEW STANDARDS PRONOUNCEMENTS

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. PLANT AND EQUIPMENT

	Processing plant and equipment	Mining equipment	Transportation equipment	Total
Cost				
Balance April 1, 2021	\$ 612,354	\$ 25,100	\$ 52,934	\$ 690,388
Additions	-	-	-	-
Balance, September 30, 2021	\$ 612,354	\$ 25,100	\$ 52,934	\$ 690,388
Accumulated amortization				
Balance, April 1, 2021	\$ (453,625)	\$ (18,616)	\$ (34,564)	\$ (506,805)
Amortization	(15,873)	(2,755)	(648)	(19,276)
Balance, September 30, 2021	\$ (469,498)	\$ (21,371)	\$ (35,212)	\$ (526,081)
Net book value, September 30, 2020	\$ 178,570	\$ 7,295	\$ 22,306	\$ 208,171
Net book value, September 30, 2021	\$ 142,856	\$ 3,729	\$ 17,721	\$ 164,306

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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5. EXPLORATION AND EVALUATION ASSETS

	El Colomo Property
Acquisition costs:	
Beginning balance: April 1, 2021	\$ 20,000
Acquisition costs – September 30, 2021	\$ 20,000
Exploration costs - Beginning balance:	\$ -
Deferred exploration costs:	-
Total deferred exploration costs:	-
Acquisition and Explorations costs	\$ 20,000

	El Colomo Property	Las Margaritas Property	Totals
Acquisition costs:			
Beginning balance: April 1, 2020	\$ 161,397	\$ 182,842	\$ 193,772
Acquisition costs – September 30, 2020	161,397	182,842	344,239
Exploration costs - Beginning balance:	\$ 1,722,535	\$ 417,870	\$ 2,140,405
Acquisition and Explorations costs – September 30, 2020	\$ 1,883,932	\$ 600,712	\$ 2,484,644

There were no exploration costs incurred on the El Colomo property during the six months ended September 30, 2021 and the Company opted not to continue with the option on the Las Margaritas gold project in Durango, Mexico during the year ended March 31, 2021, and has notified First Mining Gold accordingly. The global outbreak of COVID-19 is still ongoing and has had a significant impact on businesses through the restrictions put in place by the Canadian and Mexican governments regarding travel, business operations and isolation/quarantine orders.

El Colomo Property

On October 2, 2013, the Company completed the acquisition from Golden Anvil S.A. de C.V. (“Golden Anvil”) of certain assets comprising of the El Colomo concessions, a concentration plant, and other associated assets and equipment all located in Mexico.

The Company has not registered the concessions under the Company name with the Public Registry of Mines (“PRM”) in Mexico. These mineral concessions are registered with the PRM under the name of Golden Anvil and the Company has been assigned the rights to explore the concessions.

Promissory Note

As part of the El Colomo acquisition, the Company could recover property costs incurred by the Company on behalf of Golden Anvil through a promissory note (“Note”). Due to uncertainty in collecting the Note, the Company accounted for the costs incurred as part of exploration and evaluation assets. Any amounts received from the Note will be offset against exploration and evaluation assets.

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5. EXPLORATION AND EVALUATION ASSETS (cont'd)

The Note has an interest rate of 12% per annum compounded monthly. The Note is secured by 800,000 common shares issued as part of the El Colomo acquisition (“Pledged Shares”) and personally guaranteed by Marco Antonio Rincon-Valdes (a former director of the Company) and Francisco Rolando Rincon-Romo. Pursuant to the Note, Golden Anvil agreed to repay 50% of the original balance on or before October 2, 2014, and the remaining 50% on or before April 2, 2015. Payment was not made, and the Company has taken action pursuant to the personal guarantees and if necessary, the Company may realize on the Pledged Shares.

During the year ended March 31, 2017, the Company received notice of a claim from Marco Antonio Rincon-Valdes seeking the delivery of 571,337 escrowed common shares of the Company pursuant to the terms of the El Colomo purchase agreement, as well as for general damages associated with a claimed breach of the purchase agreement. As at September 30, 2021, no provisions have been recorded for any potential liability arising from this matter, as management believes the claim to be without merit, with the likelihood of the Company being required to pay general damages being remote.

During the year ended March 31, 2021, the Company wrote-down the exploration and evaluation costs related to the El Colomo property to reflect their economic value.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2021	March 31, 2021
Accounts payable	\$ 60,345	\$ 63,474
Accrued liabilities	145,164	208,553
	\$ 205,509	\$ 272,027

7. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Share issuances

Six months ended September 30, 2021

No shares were issued during the current period.

Year ended March 31, 2021

On February 4, 2021, the Company closed a private placement with the issuance of 11,000,000 units at a price of \$0.05 per unit for gross proceeds of \$550,000. Each unit consists of one common share and one common share purchase warrant which entitles the holder to purchase an additional common share of the Company at a price of \$0.075 for a period of two years, expiring on February 8, 2023.

The Company also issued 750,000 shares for the exercise of warrants priced at \$0.10 per warrant for gross proceeds of \$75,000.

Year ended March 31, 2020

On April 2, 2019, the Company issued 1,217,532 common shares to First Mining Gold Corp as per the terms of the Option Agreement on the Las Margaritas property (described in Note 6) with a recorded fair value of \$75,000.

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7. SHARE CAPITAL (cont'd)

Shares held in escrow

Included in the common shares outstanding at September 30, 2021 are 6,673,698 (2020 – 6,673,698) common shares held in escrow, which may not be transferred, assigned or otherwise dealt without the consent of the regulators.

During the six months ended September 30, 2021 and 2020, certain escrow releases were not completed pursuant to escrow agreements because of non-payment issues regarding the Note with Golden Anvil (Note 6). A special warrant (as described in Note 6) exercisable for up to 3,000,000 common shares of the Company is also held in escrow.

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
Balance, April 1, 2018	28,780,486	\$ 0.27	1.27
Expired	(14,367,500)	0.30	-
Cancelled	(1,416,667)	0.24	-
Granted	25,360,000	0.08	2.45
Balance, March 31, 2020	38,356,319	0.13	3.01
Expired	(12,806,319)	0.24	-
Expired	(250,000)	0.18	-
Exercised	(750,000)	0.10	-
Granted	11,000,000	0.075	-
Balance, March 31, 2021	35,550,000	\$ 0.20	1.89
Balance, September 30, 2021	35,550,000	\$ 0.20	1.89

Additional information regarding warrants outstanding as at September 30, 2021 is as follows:

Number of warrants	Exercise Price	Expiry Date
15,000,000	\$0.10	January 3, 2023
9,550,000	\$0.10	March 18, 2023
11,000,000	\$0.075	February 8, 2023

The weighted average remaining contractual life of warrants outstanding at September 30, 2021 is 1.39 years (2020 – 1.82 years).

8. SHARE-BASED PAYMENTS

Stock options

The Company follows the policies of the Exchange, under which it is authorized to grant options to officers, directors, employees and consultants, enabling them to acquire a number of shares equal to up to 10% of the issued and outstanding common shares of the Company. The exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the Exchange. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

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8. SHARE-BASED PAYMENTS (cont'd)

The changes in stock options are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2019	2,195,000	0.22
Granted	3,500,000	0.12
Balance, March 31, 2020	5,695,000	0.16
Cancelled	(925,000)	0.25
Cancelled	(890,000)	0.17
Expired	(680,000)	0.20
Granted	2,900,000	0.10
Balance, September 30, 2021 & March 31, 2021	6,100,000	\$ 0.18

The Company applies the fair value method using the Black-Scholes Option Pricing Model in accounting for stock options granted to employees. Stock options granted to non-employee are valued using the Black-Scholes Option Pricing Model as the fair values of services received were not reliably measurable.

The fair value of the options granted was calculated using the following weighted average assumptions:

	2021	2020
Expected life (years)	5.00	5.00
Risk-free interest rate	1.15%	0.73%
Expected annualized volatility	129%	78%
Dividend yield	N/A	N/A
Stock price at grant date	\$0.10	\$0.10
Exercise price	\$0.10	\$0.12
Weighted average grant date fair value	\$0.11	\$0.11

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

The following stock options were outstanding and exercisable at September 30, 2021:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
1,050,000	1,050,000	0.12	April 1, 2024
2,150,000	2,150,000	0.12	April 1, 2024
2,900,000	2,900,000	0.10	September 17, 2024
6,100,000	6,100,000	\$ 0.11	

The weighted average remaining contractual life of stock options outstanding at September 30, 2021 is 2.00 years (2020 – 2.82 years).

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Reserves

The stock option reserve records items recognized as share-based compensation expense within reserves until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

9. RELATED PARTY TRANSACTIONS AND BALANCES

The remuneration of key management personnel, being those persons determined as having authority and responsibility for planning, directing and controlling the activities of the Company during the six months ended September 30, 2021 and 2020 is as follows:

	Six months ended	
	September 30, 2021	September 30, 2020
Management fees paid/accrued to the CEO	\$ 74,600	\$ 81,453
Accounting fees paid/accrued to the CFO	15,000	15,000
	<u>\$ 89,600</u>	<u>\$ 96,453</u>

Related party balances

As at September 30, 2021, a total of \$Nil (2020 – \$76,330) had been advanced to the CEO of the Company. Due from related party includes \$Nil (2020 – \$24,678) from a company with a Director in common. Included in due to related party at September 30, 2021 is \$Nil (2020 - \$7,895) payable to the CFO.

10. MANAGEMENT OF CAPITAL

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity. 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. The Company may issue new shares or issue debt in the near future to meet its current obligations.

At this stage of the Company's development, in order to maximize ongoing development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2021. The Company is not subject to externally imposed capital requirements.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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11. FINANCIAL RISK MANAGEMENT

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making fair value measurements. The fair value hierarchy has the following levels:

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

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

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

As at September 30, 2021, the carrying values of the Company's receivables, accounts payable and accrued liabilities and due from to related party approximate their fair values due to their short terms to maturity. The Company's cash and cash equivalents and restricted cash, under the fair value hierarchy is based on level one quoted inputs.

Financial Risks

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consist of bank accounts held with reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances of up to \$100,000 in Canada and the Company holds nominal amounts in Mexican accounts as at September 30, 2021 and 2020. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions. Accordingly, as at September 30, 2021, the Company's exposure to credit risk is minimal.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

At September 30, 2021, the Company had a cash balance of \$291,227 (March 31, 2021 - \$541,565) to settle current liabilities of \$208,059 (March 31, 2021 - \$274,577). The Company has corporate credit cards with various credit limits not exceeding \$35,000. As collateral for the credit cards, the Company has a restricted one-year term deposit of \$46,000 earning annual interest at Canadian prime rate less 2.30%.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company is exposed to liquidity risk.

Market risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At September 30, 2021, the Company was not exposed to significant interest rate risk.

The Company is principally engaged in the acquisition and exploration of exploration and evaluation assets in Mexico. To date the operating expenditures have been denominated in Canadian dollars. In the future, due to the location of operations, the Company may experience exposure to foreign exchange rate fluctuations for expenditures in foreign currencies against the Canadian dollar as the functional currency of the business entity.

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12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Mexico. As at September 30 2021, all of the Company's exploration and evaluation assets and plant and equipment are located in Mexico.

13. SUBSEQUENT EVENT

There are not subsequent events to report.