KUYA SILVER CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

(Expressed in US Dollars)

Report Date – November 25, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and the financial condition of Kuya Silver Corporation ("Kuya Silver", the "Company", "we", or "our") as at and for the three and nine months ended September 30, 2024. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes thereto for the three and nine months ended September 30, 2024, and the audited annual consolidated financial statements and related notes thereto, as well as the related annual MD&A, for the year ended December 31, 2023. Unless otherwise noted, references to "Kuya Silver" in this MD&A refer to the Company and its subsidiaries taken as a whole.

Readers are cautioned that this MD&A contains forward-looking statements about expected future events and financial and operating performance of the Company, and that actual events may vary from management's expectations. Readers are encouraged to read the Cautionary Note on Forward-Looking Statements included in this MD&A and to consult the Company's audited annual consolidated financial statements and corresponding notes, as well as the MD&A for the year ended December 31, 2023, which are available under the Company's profile on the SEDAR+ website at www.sedarplus.ca.

The Company's management is responsible for the preparation and presentation of the financial statements and this MD&A. The interim financial statements have been prepared in accordance with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and as included in Part 1 of the CPA Canada Handbook – Accounting and the interpretations of the International Financial Reporting Interpretations Committee, including IAS 34 Interim Financial Reporting. This MD&A has been prepared in accordance with the requirements of Canadian securities regulators, including National Instrument ("NI") 51-102 of the Canadian Securities Administrators.

All amounts disclosed in this MD&A are expressed in United States ("US") dollars ("USD"), unless otherwise noted. Canadian dollars are represented by CAD $. Information contained herein is presented as at November 25, 2024 (the "Report Date") unless otherwise indicated.

COMPANY OVERVIEW

Kuya Silver is a mineral exploration and development company with a focus on acquiring, exploring, and advancing precious metals properties in Peru and Canada. During the nine months ended September 30, 2024, the Company started working on moving the Bethania Silver Project towards development. However, as at September 30, 2024, the Company does not yet consider the project to be in development, as contemplated under IFRS Accounting Standards.

The Company's head office and principal address is located at 150 King Street West, Suite 200, Toronto, ON, M5J 1J9. The Company was incorporated on July 15, 2015, under the Business Corporations Act (British Columbia) and the Company's registered and records office is located at 40440 Thunderbird Ridge, Squamish, BC, V8B 0G1. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol KUYA.

OVERVIEW OF EXPLORATION AND EVALUATION ASSETS

Bethania Silver Project (Huancavelica, Peru)

The Bethania Silver Project is comprised of the Bethania mine (Santa Elena mining concession) that operated from 2010 to 2016, the Carmelitas concessions, and the Tres Banderas concessions as detailed below and collectively covers approximately 4,295 hectares. One of the Company's key goals for the Bethania Silver Project is to develop a 350 tonnes per day ("tpd") mining operation that would include the construction of a 350 tpd processing plant as contemplated in the Amended and Restated Preliminary Economic Assessment (the "PEA") which was filed on SEDAR+ on October 10, 2023 and posted on the Company's website. The PEA envisages a 350 tpd underground mine feeding a processing plant that would process mineralized material and also incorporates the potential to toll-mill mineralized material prior to the construction and commissioning of a new processing plant at site.

Bethania

On December 15, 2020, Kuya Silver completed the purchase of 100% of the shares of Minera Toro del Plata S.A.C. ("MTP"), a privately held Peruvian company based in Lima that owns 100% of the Bethania Silver Property (Santa Elena concession) and Chinita I concession located in the district of Acobambilla, department of Huancavelica, Peru. MTP operated the Bethania mine from 2010 to 2016, by mining ore from underground and trucking it to nearby plants for processing into concentrates.

Carmelitas Concessions

On May 14, 2021, the Company announced the acquisition of three mineral concessions, Carmelita 2005, Carmelita 2005 I and Carmelita 2005 II concessions (collectively "Carmelitas"), which are strategically located less than three kilometers west of Bethania, located in the district of Acobambilla, department of Huancavelica and in the district of Chongos Altos, department of Junín, Peru. The Carmelitas concessions were host to small-scale mining activities until early 2020, producing silver-polymetallic material very similar to Bethania. Kuya Silver plans to incorporate Carmelitas into its operating activities at Bethania going forward.

In fiscal 2021, subsequently amended in fiscal 2022, the Company entered into agreements to acquire the Carmelitas concessions. The Company completed the acquisition for a total purchase price of $952,500, which consisted of making cash payments totaling $552,500 and issuing 1,084,490 common shares, valued at $399,910. The final payment of $100,000 was paid in fiscal 2023.

Tres Banderas Concessions

The Tres Banderas concessions are located primarily in the department of Huancavelica, Peru (with some concessions extending into the departments of Lima and Junín), in the vicinity of, or surrounding Bethania. Tres Banderas 01 through 07 mining claims, (that are near to and contiguous with the Santa Elena mining concession, which includes the Bethania mine) were acquired through an open application process from 2019 and 2022 by Kuya Silver S.A.C. ("Kuya S.A.C."). In early 2023, a mineral concession for Tres Banderas 08 (contiguous with Tres Banderas 06 to the south) was awarded to Kuya S.A.C. These concessions cover other favourable targets in close proximity to the Bethania mine, including the Tito-PH prospect located on the Tres- Banderas 03 concession.

OVERVIEW OF EXPLORATION AND EVALUATION ASSETS (cont'd…)

Silver Kings Project (Ontario, Canada)

On March 1, 2021, the Company completed an agreement to acquire, from Electra Battery Materials Corporation ("Electra"), certain silver-cobalt mineral exploration assets (the "Kerr Assets"), as well as an option to acquire up to 70% of the balance of Electra's silver-cobalt mineral exploration assets (the "Remaining Assets") located in the historic Cobalt, Ontario silver-cobalt mining district. As part of that agreement, the Company had the option of forming a joint venture with Electra ("Silver Kings JV"), through its wholly owned subsidiary Cobalt Industries of Canada Inc. ("CIC"), the company that holds the Remaining Assets. On December 31, 2022, the Company and Electra amended the original agreement to provide the Company with the right to acquire 100% of the Remaining Assets, which was then completed in January 2023.

Since November 2021, Kuya has also acquired (primarily through claim-staking) additional mining claims in the Cobalt mining district, with some being adjacent to the Kerr Assets or the Remaining Assets, and others located in nearby prospective areas.

The Silver Kings Project encompasses the 100%-owned Kerr Assets ("Kerr Project"), the Remaining Assets and the other properties totaling more than 13,000 hectares in the Coleman, Gilles Limit, Lorrain, South Lorrain, Kittson, Barr, Klock, and Dane townships in north-eastern Ontario. Certain of the claims including those that were part of the Remaining Assets as well as those acquired from Canadian Silver Hunter in 2023 are subject to a 2% net smelter returns royalty as detailed below in the "Other Silver Kings Properties (formerly Silver Kings JV)" section. The Company continually manages its property position based on strategic goals, geological potential and expenditure requirements and may increase or decrease these holdings from time to time.

Kerr Project

On September 30, 2021, the Company obtained control of CobalTech Mining Inc. ("CobalTech") the company that holds the Kerr Assets which includes twelve patents in both Coleman and Gilles Limit townships, a lease, and several mineral claims. In connection with the acquisition, a reclamation provision in the amount of $1,739,102 has been recorded for future reclamation and rehabilitation obligations on the Kerr Assets.

OVERVIEW OF EXPLORATION AND EVALUATION ASSETS (cont'd…)

Other Silver Kings Properties (formerly Silver Kings JV)

To fully exercise the option on the Remaining Assets, the Company was to make payments totaling CAD $2,000,000 and complete work commitments of CAD $4,000,000 by September 1, 2024. As per the December 31, 2022 amendment to the original agreement, the Company acquired a 100% interest in the Remaining Assets by making payments of CAD $2,000,000 (including what had been already paid at the time). As per the amendment, the Company granted a 2% royalty on net smelter returns from commercial production on the Remaining Assets to Electra. The Company is no longer required to complete any work commitments.

The original agreement provided that Kuya Silver may issue an equivalent value in common shares of the Company at the 20-day volume weighted average price immediately prior to the date the actual respective payment is made in lieu of making the cash payments. On September 1, 2021, the Company issued 671,141 common shares to Electra, in in lieu of a CAD $1,000,000 cash payment. Following this payment, the Company and Electra had intended to enter a Joint Venture Agreement ("JVA") for the joint exploration and development of the project. In advance of the commitments due on September 1, 2022, Electra provided a notice of waiver of the requirements of the JV Earn-In Payment Schedule on a temporary basis, to allow sufficient time for Kuya Silver and Electra to negotiate, finalize and execute an amendment to the agreement in respect of the Remaining Assets. On December 31, 2022, the Company and Electra completed the amendment, as described above. On January 31, 2023, the Company issued 2,702,703 common shares to Electra, in lieu of the CAD $1,000,000 cash payment to acquire the remaining interest. Additionally on January 31, 2023, the Company issued 405,405 common shares to Electra, for settlement of CAD $150,000 of accounts payable and accrued liabilities due to Electra.

On March 24, 2023, the Company entered into a settlement agreement with Canadian Silver Hunter Inc. ("CSH") and Cobalt Projects International Corp. (a subsidiary of Electra, "CPIC"), which settles a dispute (the "Dispute") between CSH and CPIC regarding certain mineral properties previously optioned by CPIC from CSH. The Dispute was transferred to the Company upon the Silver Kings JV amended Purchase Agreement and Option. To settle the Dispute, the Company issued 1,666,667 common shares to CSH and obtained a 100% interest in the mineral properties associated with the Dispute. In connection with settling the Dispute, the Company also entered into an agreement with CSH granting CSH a 2% royalty on net smelter returns from the related mineral properties.

CORPORATE UPDATE AND OUTLOOK

Financings

The Company started 2024 with $2,650,187 in cash, from financings obtained through various means during 2023. Included in the opening cash balance are the remaining flow-through share funds of $388,309. During the nine months ended September 30, 2024, the following financings were undertaken:

a) on April 11, 2024, the Company closed the final tranche of a $1,200,000 non-brokered private placement pursuant to an agreement with Trafigura Pte Ltd ("Trafigura") through two of its subsidiaries, whereby Trafigura has invested $961,570 (CAD $1,316,581) to acquire 5,266,324 units of Kuya Silver at a price of CAD $0.25 per unit to support the restart of production from the Bethania mine. Each unit consists of one common share in the capital of Kuya Silver and one common share purchase warrant. Each warrant entitles the holder to acquire one common share for CAD $0.37 until April 11, 2026. Trafigura has agreed to hold the common shares acquired in the offering for a minimum of one year and will immediately exercise the warrants if the common shares trade at a premium of 25% to the warrant exercise price for one month.

b) On June 19, 2024, the Company closed a non-brokered private placement for total proceeds of $1,823,736 (CAD $2,500,160) and in return issued 5,208,667 units at $0.48 per unit. Each unit consisted of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant entitles the holder to acquire one non-flow-through common share at a price of CAD $0.64 per common share for a period of two years from the date of issue. The flow-through shares were issued at a premium of $455,934. The 2,604,333 warrants were valued at $Nil, using the residual value method. The Company paid a total of $25,392 for finders' fees and issued 267,907 non-flow-through common shares to a finder in connection with this private placement. The finder's common shares were valued at $70,353.

c) Subsequent to September 30, 2024, a financing was completed by the Company. Details can be found in the subsequent event section.

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Exploration and evaluation assets

Bethania Silver Project

One of the Company's key goals for the Bethania Silver Project is to resume mining operations and to build a 350 tpd processing plant. However, in the immediate future, the Company's management is focused on options which includes resuming underground mining activities and to conduct toll-milling (i.e. processing ore at a third-party mill into saleable concentrate) prior to construction of the processing plant, which could generate near-term cash flow while de-risking the mining operation by providing valuable production experience, training to the potential workforce and advancing the underground development required for eventual full-scale production.

The Company's plans are to toll-mill mineralized material at one of the nearby mills in the area. There is a robust spot market for milling services within trucking distance from the Bethania project. The Company maintains discussions with several mills with a goal of minimizing costs, including trucking expense, and maximizing concentrate production performance. Environmental and social factors are also considered by Kuya Silver in committing to any third-party business arrangements.

CORPORATE UPDATE AND OUTLOOK (cont'd…)

Exploration and evaluation assets (cont'd…)

Bethania Silver Project (cont'd…)

In early 2024, Kuya Silver started preparatory work necessary to restart production including to recondition and upgrade the underground working areas which have seen little to no traffic for the past eight years. The pre-production work included removal and replacement or reinforcement of certain underground supports, water pumping (dewatering), removal of broken rock material, tunnel, rail and ventilation maintenance, etc. Initial production has focused on areas with existing underground infrastructure and will transition over time to newly developed areas. Kuya Silver plans to recondition and improve historical working areas to a higher standard in order to reduce safety risks and improve productivity and maintain that same high standard as it develops new areas of the mine.

Even though the PEA has demonstrated 7 years of potential mine life, the Company's management also believes there are opportunities to expand on the Company's exploration strategy throughout the Bethania district, including the Carmelitas and Tres Banderas concessions, where several high-priority targets are ready to be followed up with mapping and sampling programs to advance these targets to a drill-ready stage. The Company has completed several surface sampling programs at Carmelitas, as well as the Tito-PH prospect, which have been successful in discovering new zones of silver-dominated mineralized veins and demonstrated that silver polymetallic vein mineralization could be more extensive than previously understood. Between two vein systems identified at Carmelitas (also referred to as Carmelitas Main and Carmelitas Norte) and the Company's understanding of the Bethania mine area, the Company can identify at least 2.3 kilometres of combined strike length of mineralized vein systems which collectively to date have seen minimal exploration at depth.

Silver Kings Project

Kuya Silver has completed transactions that have consolidated more than 13,000 hectares of exploration claims, patents, and leases under the scope of the Silver Kings Project. While management sees many targets throughout the property package, exploration in the near-term has been focused in the vicinity of Kerr Lake (2 km southeast of the town of Cobalt), where several of our most advanced targets are located, including Campbell-Crawford, Airgiod and North Drummond targets (also referred to as the Kerr Project). In early 2023, the Company made a new silver vein discovery on the Campbell-Crawford claim, which is now known as the Angus Vein. Since then, the Company has identified other veins and vein structures both in drilling and on the surface in close proximity to the Angus Vein which have been shown to host silver-cobalt mineralization. In the fourth quarter of 2023, the Company further extended the footprint of silver-cobalt mineralized veins on the Campbell-Crawford property, delineating several new veins. In addition, Kuya Silver drilled a successful step-out hole intersecting a newly identified mineralized vein on the adjacent Airgiod property, approximately 250 metres west of the Angus Vein discovery. Currently the Company is executing a 10,000-metre drill program focused both on expanding known mineralization in the Campbell-Crawford area as well as testing other regional targets including Frontier NW (located in the southeast area of the Silver Kings property) and Airgiod.

Following consolidation of the Silver Kings Project land package, as a next step, the Company executed two separate diamond drill programs in 2023 at the Silver Kings Project targeting silver-cobalt mineralization in the Kerr Project area, specifically on the Campbell-Crawford and Airgiod properties. After field work in the first half of 2024, a drilling program was started during Q3 2024 and is expected to continue into 2025.

(Expressed in US Dollars)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Details of the significant expenditures for the three and nine months ended September 30, 2024 and 2023, are described below:

Selected Financial Information	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Revenue	**$ -**	$ -	**$ -**	$ -
Exploration & evaluation expenditures	**1,140,777**	301,766	**2,572,378**	1,567,219
Administrative expenses[1]	**464,434**	455,119	**1,498,285**	1,408,065
Share-based compensation	**84,568**	86,096	**236,245**	240,000
(Gain) on settlement of accounts payable and accrued liabilities	**-**	-	**-**	(13,440)
Other (income) expense	**(139,512)**	67,373	**(137,980)**	(38,796)
(Loss) for the period	**$ (1,550,267)**	$ (910,354)	**$ (4,168,928)**	$ (3,163,048)
(Loss) per share (Basic and diluted)[2]	**$ (0.01)**	$ (0.01)	**$ (0.04)**	$ (0.05)
Cash dividends declared	**$ -**	$ -	**$ -**	$ -

1. Administrative expenses exclude share-based compensation.
2. In periods when the Company has a loss, diluted loss per share is the same as basic loss per share.

During the third quarter of 2024, the Company had a loss of $1,550,267 as compared to a loss of $910,354 in the same quarter of 2023. The loss for the current quarter was comprised of $1,140,777 (2023 – $301,766) in exploration and evaluation expenditures, $464,434 (2023 – $455,119) in administrative expenses excluding share-based compensation of $84,568 (2023 – $86,096), and net other income of $139,512 (2023 – $67,373 loss). Net other income for the three months ended September 30, 2024, included income from the recognition of flow-through premium of $127,855 (2023 – $23,377), interest income of $23,611 (2023 – $Nil), a foreign exchange gain of $1,323 (2023 – $75,739 loss), and accretion expense of $13,277 (2023 – $15,012). Loss for the three months ended September 30, 2024 was higher compared to the same period in 2023 due to higher exploration & evaluation expenditures as a result of continuing mine rehabilitation work at Bethania and increased activity at the Silver Kings site, marginally higher administrative expenses excluding share-based compensation costs, offset in part by a higher recognized flow-through premium income and a favorable impact of foreign exchange.

For the nine months ended September 30, 2024, the Company had a loss of $4,168,928 compared to a loss of $3,163,048 for the comparable period in 2023. The loss for the nine months ended September 30, 2024, was comprised of $2,572,378 (2023 - $1,567,219) in exploration and evaluation expenditures, $1,498,285 (2023 - $1,408,065) in administrative expenses excluding share-based compensation of $236,245 (2023 - $240,000), a gain on the settlement of accounts payable of $Nil (2023 - $13,440) and net other income of $137,980 (2023 -$38,796). The increase in loss is mainly attributable to increased exploration and evaluation expenses as the rehabilitation work at the Bethania mine in order for it to become operational was undertaken and increases in advisory, investor relations and travel costs in the administrative area. Partially offsetting these increases were lower administrative salary costs in Peru, and overall lower office and miscellaneous costs as well as interest income earned in 2024 on the investment of cash and increased income related to recognition of flow-through share premium.

(Expressed in US Dollars)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (cont'd…)

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the three and nine months ended September 30, 2024, and 2023 are as follows:

Exploration and evaluation expenditures	**Three months ended September 30,**		**Nine months ended September 30,**	
	2024	2023	**2024**	2023
Bethania Silver Project				
Civil works and engineering	$ **16,180**	388	$ **55,431**	39,315
Geology and drilling	**-**	6,148	**-**	21,256
Mine rehabilitation	**358,898**	-	**1,129,707**	-
Operations and supplies	**20,912**	14,587	**100,284**	128,632
Property maintenance, licences and rights	**2,328**	687	**14,024**	36,667
Safety and environment	**605**	10,309	**3,789**	46,959
Value Added Tax ("VAT")	**54,625**	13,010	**166,849**	79,627
Wages and benefits	**74,425**	55,363	**245,193**	161,947
	527,973	100,492	**1,715,277**	514,403
Silver Kings Project				
Civil works and engineering	**69,865**	774	**93,532**	152,959
Geology and drilling	**347,807**	82,526	**378,356**	528,732
Operations and supplies	**58,882**	31,692	**96,391**	103,170
Property maintenance, licenses and rights	**(17)**	-	**12,254**	-
Safety and environment	**11,776**	4	**18,377**	2,670
Wages and benefits	**115,491**	86,278	**249,191**	265,285
	603,804	201,274	**848,101**	1,052,816
Total	**$ 1,131,777**	$ 301,766	**2,563,378**	$ 1,567,219

Bethania Silver Project

With the completion of the Amended and Restated PEA in the third quarter of 2023, and the management decision to focus on reviewing options to add further value to the Bethania Silver Project, including evaluating toll-milling options, management made the decision to restart mine operations which required rehabilitating the mine. As a result, during the first three quarters of 2024, we incurred costs related to rehabilitating the mine whereas prior to that, the costs we incurred primarily relate to general operating and maintenance costs. Mine rehabilitation activities include inspection and where required removal and replacement of underground support. In addition, underground access may be blocked by piles of rock that have accumulated over the past eight years which required their removal to allow safe and free access to areas of the mine where development of mining activity is taking place.

(Expressed in US Dollars)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (cont'd…)

Exploration and Evaluation Expenditures (cont'd…)

Silver Kings Project

Exploration and evaluation expenditures during 2023 was predominantly focused on two drill programs which totaled 9,371 metres combined between spring and fall programs. The first phase drilling tested several targets in the Kerr Project, with a focus on the Campbell-Crawford property where the new Angus Vein discovery was made. The second half program continued to test and expand the understanding of buried silver-cobalt mineralization at Campbell-Crawford, with one hole in the adjacent Airgiod property making a new vein discovery at depth (Moran Vein). In the nine months ended September 30, 2024, the Company focused on field work to generate greater confidence and prioritize targets at the project to guide additional drilling which commenced in the third quarter of 2024 and is expected to extend into early 2025.

Administrative Expenses

Administrative Expenses	**Three months ended September 30,**		**Nine months ended September 30,**	
	2024	2023	**2024**	2023
Administrative costs	$ **27,597**	$ 10,062	$ **80,809**	$ 30,096
Consulting fees	**-**	7,431	**4,135**	7,431
Directors' fees	**24,707**	25,146	**74,373**	75,214
Filing fees	**7,960**	7,899	**23,582**	24,908
Management fees	**15,396**	15,652	**46,310**	46,816
Marketing and investor relations	**76,231**	47,961	**235,171**	115,772
Office and miscellaneous	**62,330**	67,631	**164,625**	261,951
Professional fees	**55,078**	50,624	**201,733**	173,927
Share-based compensation	**84,568**	86,096	**236,245**	240,000
Shareholder communication	**535**	1,921	**7,201**	8,432
Transfer agent	**796**	6,539	**8,503**	12,357
Travel	**41,724**	62,201	**185,204**	112,578
Wages and benefits	**152,080**	152,051	**466,639**	538,582
	549,002	541,214	**1,734,530**	1,648,064
less: Share based compensation	**(84,568)**	(86,096)	**(236,245)**	(240,000)
Cash - Admin costs	**$ 464,434**	**$** 455,118	**$ 1,498,285**	**$** 1,408,064

Administrative expenses (excluding share-based compensation) of $464,434 were incurred in the three months ended September 30, 2024, as compared to $455,118 in the same period in 2023. The increase in administrative expenses for the three months ended September 30, 2024 compared to the comparable period last year reflect increased spending in the area of marketing and investor relations and administrative costs partially offset with decreases in travel costs.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (cont'd…)

Administrative Expenses (cont'd…)

For the nine months ended September 30, 2024, overall administrative expenses excluding share-based compensation was up by 6.4% or $90,221. Spending in the marketing and investor relations and travel areas was up due to business development activities, general investor and advisory services as well as travel to the Bethania mine site. Wages and benefits were lower than the comparable period last year with the majority of the reduction occurring in Peru. Combined administrative, office and miscellaneous expenditures in the first nine months of 2024 were also lower than the comparable nine months of 2023.

Other Items

Included in other income/expense for the periods are the following: the recognition of the flow-through share premium to other income as flow-through funds are spent, foreign exchange loss/(gain), gain on settlement of accounts payable and accrued liabilities, and accretion expense on reclamation provisions. Foreign exchange losses and gains are due to fluctuations in the Peruvian Sol ("PEN") and the USD to the CAD. The foreign exchange gain for the third quarter of 2024 was $1,323 (2023 - $75,739 loss). Also included in the other income for the third quarter of 2024, was income due to the recognition of premium on the flow-through shares of $127,855 (2023 - $23,377) and interest income related to investment of funds in guaranteed investment certificates of $23,611 (2023 – $Nil). Other expense included $13,277 (2023 – $15,012) of accretion expense related to the reclamation provision which was recorded as an increase to the reclamation provision on Kerr.

For the nine months ended September 30, 2024, other income/expense included a recognition of flow-through share premium of $152,556 (2023 - $142,205), a foreign exchange gain of $1,748 (2023 - $58,507 loss), interest income related to investment of funds in guaranteed investment certificates of $23,611 (2023 – $Nil), accretion expense related to the Kerr reclamation provision of $39,935 (2023- $44,903) and $Nil (2023 - $13,440) related to a gain on settlement of accounts payable.

(Expressed in US Dollars)

CUMULATIVE EXPLORATION AND EVALUATION COSTS

The following table presents the cumulative exploration and evaluation costs incurred by the Company on its properties to September 30, 2024:

Project		Bethania Silver Project		Silver Kings Project		Total
Civil works and engineering	$	2,282,274	$	304,106	$	2,586,380
Geology and drilling		1,281,967		1,682,026		2,963,993
Mine rehabilitation		1,129,707		-		1,129,707
Operations and supplies		1,311,144		354,075		1,665,219
Property maintenance, licences and rights		124,368		88,817		213,185
Safety and environment		468,191		58,742		526,933
Value Added Tax ("VAT")		1,236,610		249,191		1,485,801
Wages and benefits		1,298,041		763,855		2,061,896
Expense recovery from Electra		-		(119,175)		(119,175)
Total	**$**	**9,132,302**	**$**	**3,381,637**	**$**	**12,513,939**

Cumulative costs are as follows: Bethania Silver Project, since acquisition of 100% on December 15, 2020; Silver Kings Project, which consists of Kerr Assets from September 30, 2021 (consolidation date), Silver Kings JV from September 1, 2021 (initial earn-in payment date) to January 31, 2023 (payment for amended Option) and Silver Kings Project from January 31, 2023.

Bethania Silver Project

The Company's goal for the Bethania Silver Project is to develop a 350 tpd mining operation that would include the construction of a 350 tpd processing plant and substantial progress has been made on that project since completion of the acquisition on December 15, 2020. The cumulative costs detailed in the table above reflect the achievement of the following:

- Completion of a 5,000-metre drill program at Bethania
- Completion of an initial mineral resource and filing a National Instrument 43-101 ("NI 43-101") Technical Report
- Completion of a technical report relating to the PEA, prepared in accordance with NI 43-101
- Permitting of the project, including receipt of the construction authorization for a 350 tpd processing plant as well as tailings management facilities and other infrastructure
- Commencement of mine rehabilitation in advance of restarting mining activities

CUMULATIVE EXPLORATION AND EVALUATION COSTS (cont'd…)

Bethania Silver Project (cont'd…)

During the nine months ended September 30, 2024, the Company commenced reconditioning and underground development required to restart mining operations and commenced limited production of mineralized material beginning in May 2024. The plan over subsequent quarters is to gradually expand daily production of mineralized material from the mine, stockpile this material at site and process it at nearby plants in batches to produce saleable concentrates. As of September 30, 2024, there had been a minimal amount of ore extracted and stockpiled and has not been valued in the financial statements due to immateriality. Current plans forecast a twelve-month ramp-up period to achieve the initial target mining rate of 350 tpd. In the longer term, further work may include near-mine exploration to provide additional confidence to, and expand the Bethania resource, and finalizing plans, including arranging financing to make a construction decision on the Bethania process plant.

Silver Kings Project

In 2021, we completed two separate first-pass drill programs; drilling approximately 3,500 metres at the 100%-owned Kerr Project area with another 1,800 metres drilled at the Silver Kings JV. The costs in the above table reflect expenditures for these drill programs (and related activities such as review of assay results and compiling historical data etc.), property maintenance costs and other related activities. During 2022, the Company focused on consolidating a greater property package at the Silver Kings Project through both staking new claims and amending our option agreement with Electra to acquire 100% of the Remaining Assets, subject to a royalty of 2% of net smelter returns, which was completed during the first quarter of 2023. The Company also acquired properties from Canadian Silver Hunter in the first quarter of 2023. We completed drill programs totaling 9,371 metres over the course of 2023 with the results from the final batch of assays reported early in the first quarter of 2024. The Company anticipates drilling in several campaigns the first of which started in the third quarter of 2024 in order to expand the discoveries made in 2023. The anticipated drilling in these campaigns is at least 10,000 metres. A flow-through funding financing which closed during the second quarter of 2024 secures the funds to ensure exploration and evaluation activities to continue on the Silver Kings project well into 2025.

(Expressed in US Dollars)

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following table sets out selected unaudited quarterly financial information for the most recent eight quarters. The amounts presented have been prepared in accordance with IFRS for all eight quarters.

		2024			2023				2022
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Selected Financial Information									
Revenue	$	-	-	-	-	-	-	-	-
Exporation & evaluation expenditures	$	1,140,777	906,759	524,842	951,556	301,766	423,522	841,931	244,606
Administrative expenses[1]	$	464,434	483,339	550,512	502,669	455,119	455,365	497,581	808,951
Share-based compensation	$	84,568	64,202	87,475	76,925	86,096	75,616	78,288	41,296
(Gain) on settlement of accounts payable and	$								
accrued liabilities	$	-	-	-	-	-	-	(13,440)	-
Foreign exchange loss/(gain) and other[2]	$	(139,512)	(5,129)	6,661	(157,291)	67,373	(49,444)	(56,725)	11,390
Loss for the period	$	1,550,267	1,449,171	1,169,490	1,373,859	910,354	905,059	1,347,635	1,106,243
(Loss) per share - Basic and diluted [3]	$/share	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)	(0.02)

1. Administrative expenses exclude share-based compensation.
2. Other includes items such as interest income, accretion expense, and the recognition of the flow-through share premium on qualified exploration and evaluation expenditures starting in the first quarter of 2023 and continuing through to the third quarter of 2024.
3. In periods when the Company has a loss, diluted loss per share is the same as basic loss per share.

Up to September 30, 2024, the Company has not generated any revenue. Loss for the period can significantly vary quarter-over-quarter based on the amount of exploration and evaluation expenditures incurred, share-based compensation expense reported, and other items. Exploration and evaluation expenditures vary based on the exploration and evaluation activities in process during the period and time of year; share-based compensation expense can vary based on the timing and valuation of grants of share-based awards; and the timing and amount of other recurring and non-recurring items such as foreign exchange loss/(gain), (gain) on settlement of accounts payable and accrued liabilities, accretion expense, the recognition of the flow-through share premium on qualified exploration and evaluation expenditures, and other expense/(income).

Administrative costs were higher in the fourth quarter of 2022 vs subsequent quarters due to higher wages and benefits, professional fees and office expenses. The reductions in subsequent quarters in part related to the reduction of full time employees in Finance and Legal. Due to financing constraints, limited expenditures were made in the fourth quarter of 2022 in the area of exploration and evaluation and focused on completing the PEA study, keeping the Bethania property in good standing, completing engineering work and mine plans at Bethania and assessing various options to add value for the Bethania Silver Project. During the fourth quarter of 2022, the Company also completed the negotiations on the amendments to the Silver Kings JV agreement.

During the first and second quarters of 2023, the Company ramped up work on the Silver Kings Project. In the fourth quarter of 2022, we raised CAD $1,150,000 in flow-through funds, which was spent on the Silver Kings Project in 2023. There was a decrease in funds spent on exploration and evaluation costs on the Bethania Silver Project compared to 2022.

SUMMARY OF QUARTERLY FINANCIAL RESULTS (cont'd…)

In the third and fourth quarters of 2023, a flow-through share issuance provided funds for the continuing work on the Silver Kings Project. Administrative expenses continued to remain lower than 2022 due to the decreases in overall wage costs, office and miscellaneous expenses, and travel. Share based compensation is relatively consistent across all quarters in 2023. Other income related to a gain on the flow-through share premium has been recorded in each of the quarters of 2023.

In the first quarter of 2024, work was undertaken on the preparation of the Bethania site for mining which is expected to commence in the second half of 2024. These costs were recorded in exploration and evaluation expenditures. Administrative expenses increased over the fourth quarter of 2023 as travel and marketing spending increased mainly due to business development initiatives as well as the initiation of preparatory work on the Bethania site. The foreign exchange loss (gain) and other category contains income related to the recognition of the premium on flow-through shares somewhat offset by a loss on foreign exchange and the accretion expense.

The overall losses in the second and third quarters of 2024 were higher than previous six quarters due almost exclusively to the spending in the exploration and evaluation area. Work continued during the second and third quarters of 2024 on the preparation of the Bethania site for mining. Exploration and evaluation expenditures increased in both the second and third quarters over the first quarter of 2024 as the planned ramp up of the Bethania site preparation continued. Spending in the second quarter and third quarter of 2024 on the Silver Kings properties also ramped up over the period. Administrative expenses excluding share-based compensation in both the second quarter and third quarter of 2024 were lower than the first quarter of 2024 mainly due to reductions in marketing and investor relations costs, and office and miscellaneous costs.

(Expressed in US Dollars)

LIQUIDITY AND CAPITAL RESOURCES

		Nine months ended September 30, 2024		Nine months ended September 30, 2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Loss for the period	$	(4,168,928)	$	(3,163,048)
Items not involving cash		47,515		92,246
Change in non-cash working capital		548,369		119,393
Net cash used in operating activities		(3,573,044)		(2,951,409)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
(Additions)/disposals of facilities and equipment		(96,637)		20,500
Additions to exploration and evaluation assets		-		(100,000)
Net cash used in investing activities		(96,637)		(79,500)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Proceeds from issuance of share capital		3,055,711		2,869,884
Share issue costs		(65,462)		(84,896)
Net cash provided by financing activities		2,990,249		2,784,988
Change in cash		(679,432)		(245,921)
Effect of foreign exchange on cash		(31)		167
Cash, beginning of period		2,650,187		1,196,879
Cash, end of period	$	1,970,724	$	951,125

The Company's cash position decreased from $2,650,187 at December 31, 2023, to $1,970,724 as at September 30, 2024. Cashflows used in operations of $3,573,044 were used at the Bethania site in preparation for mining activity that is expected to commence later this year, at the Silver Kings site for exploratory and drilling program, and to cover general administrative expenses in both Peru and Canada. This compares to $2,951,409 of cashflow used in operating activities during the same period last year. Two new financings were closed in the second quarter of 2024 totaling $3,055,711 with share issue costs of $25,392. This compares to $2,784,988 of net proceeds in the first nine months of 2023. In addition, share issue costs of $40,070 related to a December 2023 financing closing were paid in the first quarter of 2024. Funds used in investing activities in the first nine months of 2024 of $96,637 were for the building of an explosive magazine facility to prepare for upcoming use at the Bethania mine site while in the same period last year, $100,000 was paid relating to the remaining balance owed on the Carmelitas property while $20,500 was received by the Company on the disposal of vehicles.

(Expressed in US Dollars)

LIQUIDITY AND CAPITAL RESOURCES (cont'd…)

The Company had net working capital of $541,145 as at September 30, 2024, compared to net working capital of $2,012,055 as at December 31, 2023, as shown below. Although the Company had cash in excess of current liabilities as at September 30, 2024, $1,425,813 of the cash related to unspent flow-through share proceeds which is required to be spent on qualified Silver Kings exploration costs.

Working Capital		**September 30, 2024**		December 31, 2023
Current assets	$	**2,341,187**	$	3,005,783
Current liabilities		**1,800,042**		993,728
Net working capital	$	**541,145**	$	2,012,055

Kuya Silver's continuation as a going concern is dependent upon its ability to complete financings sufficient to meet current and future obligations, the successful results from its business activities, and its ability to operate profitably and generate funds. While we raised gross proceeds of CAD $8,084,156 ($6,014,197) in fiscal 2023, and CAD $4,816,741 ($3,512,367) up to the Report Date in 2024, additional funding will be needed to continue to fund ongoing administrative costs, exploration and evaluation related expenditures and advancement of the Bethania Silver Project and the Silver Kings Project over the remainder of the year.

Although the expectation is that some revenues from the operation of the Bethania mine site are to be earned in the last quarter of 2024, the expectation is that it will require a 12-month ramp up to get to the planned 350 tpd mining rate. Kuya Silver is continuing to explore and pursue various potential sources of financing, but there is no certainty that any additional financings will be completed**.** These factors indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Different basis of measurement may be appropriate if the Company is not expected to continue operations for the near future.

(Expressed in US Dollars)

LIQUIDITY AND CAPITAL RESOURCES (cont'd…)

Use of Proceeds

The use of funds raised in the fourth quarter of 2023 and in 2024 are highlighted in the table below.

Use of Proceeds
October 31, 2023 to September 30, 2024
USD $'s

	Available funds & financings				Actual spend				
	LIFE[(1)]	FLOW-THROUGH	STRATEGIC INVESTMENT[(2)]	TOTAL	2023	2024	Total	Reclassified[(5)]	TO BE SPENT
Expected use of funds:									
Bethania rehabilitation	$ 135,400	$ -	$ 1,191,200	$ 1,326,600	$ -	$ 1,280,100	$ 1,280,100	$ -	$ 46,500
Silver Kings exploration expenses	-	2,164,500	-	2,164,500	-	811,700	811,700	-	1,352,800
General working capital[(3)]	1,580,800	-	-	1,580,800	429,100	1,323,700	1,752,800	172,000	-
Additional operations expense[(4)]	857,700	-	-	857,700	134,000	491,400	625,400	(172,000)	60,300
	$ 2,573,900	$ 2,164,500	$ 1,191,200	$ 5,929,600	$ 563,100	$ 3,906,900	$ 4,470,000	$ -	$ 1,459,600

(1) The offering document for the LIFE financing included estimated working capital as at October 31, 2023 which consisted primarily of flow-through funds to be spent on Silver Kings. These amounts are not included in the above table.
(2) The strategic investment includes the first tranche of $230,000 that was referred to as the concurrent offering in the LIFE offering document.
(3) The general working capital includes share issuance costs of $165,000, cash received on exercise of warrants of $105,000, interest earned of $23,600, and timing differences on changes in working capital.
(4) Additional operations expense include Bethania exploration and evaluation costs.
(5) To reflect a reclassification of funds by management as plans and business have evolved, as described in the use of Available Funds section of the November 7, 2023 LIFE Offering Document.

TRANSACTIONS WITH RELATED PARTIES

We have identified the members of our Board of Directors ("Board") and certain senior officers as our key management personnel. The following summarizes the Company's related party transactions with those parties and their spouses during the three and nine months ended September 30, 2024 and 2023:

Related Party Transactions	**Three months ended September 30,**		**Nine months ended September 30,**	
	2024	2023	**2024**	2023
Compensation, Management[1]	$ **126,578**	123,330	**370,809**	389,819
Compensation, Directors[2]	**23,827**	24,223	**71,670**	72,453
Share-based compensation, Management[1,3,4]	**41,406**	42,292	**129,601**	142,607
Share-based compensation, Directors[1,3]	**30,344**	33,230	**52,790**	67,468
	$ 222,155	**$** 223,075	**624,870**	672,347

1. The Company's Senior Officers and spouses included above were David Stein, Christian Aramayo, Stephen Peters, Lesia Burianyk, and Angela Vargas.
2. The Company's Independent Directors included above were Andres Recalde, Dale Peniuk, Maura Lendon, and Javier Del Rio.
3. Share-based compensation for management and directors represent the fair value using the Black-Scholes option pricing model of options.
4. Share-based compensation for management also includes the fair value of restricted share units in the period. Restricted share units are recorded at fair value based on the market value on the grant date and charged to profit or loss over the vesting period of the restricted share units.

As at September 30, 2024, included in accounts payable and accrued liabilities was $88,358 (December 31, 2023 - $31,049) owing to officers and directors.

TRANSACTIONS WITH RELATED PARTIES (cont'd…)

In addition to management personnel, we have also identified SICG S.A.C., a company which provides engineering and subcontractor services to our operations in Peru as a related party as this company also provides key management personnel services to Kuya which are included in "Compensation, Management" in the Related Party Transactions table above. During the three and nine months ended September 30, 2024, administrative and exploration and evaluation expenditures of $19,225 (2023 - $41,528) and $57,674 (2023 - $86,817) were paid to this entity. As at September 30, 2024, included in accounts payable and accrued liabilities were $7,562 (December 31, 2023 - $Nil) owing to this entity.

COMMITMENTS AND CONTINGENCIES

Commitments

During the nine months ended September 30, 2024, the Company raised flow-through funds and agreed to use its commercially reasonable best efforts to incur qualifying exploration expenditures in Canada by December 31, 2025. As at September 30, 2024, the Company was obligated to incur CAD $1,926,958 ($1,425,813) in qualifying exploration expenditures**.**

Contingencies

The Company may be involved in legal proceedings arising in the ordinary course of business, including the actions described below. The potential amount of the liability with respect to such legal proceedings is not expected to materially affect the Company's financial position and results from operations. The Company has accordingly not accrued any amounts related to the litigations below (unless otherwise noted). The Company intends to vigorously defend these claims.

As at September 30, 2024, the Company has the following contingencies:

MTP withheld an accrued payment of $140,000 due to Compañía Minera San Valentín S.A.C. ("San Valentin") and an arbitration was initiated by San Valentin against the Company before an arbitration panel. The Company was ordered to pay $93,597 plus penalties, interest and legal fees to the courts per a judicial order in settlement for the $140,000. In November 2021, the Company paid $93,597 to the courts towards the settlement. San Valentin has not yet agreed to the settlement and has not collected the funds from the courts. There is currently $46,403 included in accounts payable and accrued liabilities as at September 30, 2024 with respect to San Valentin for penalties, interest and legal fees. Subsequent to September 30, 2024, San Valentin filed a submission with the courts, claiming approximately $280,000 plus interest and legal costs from the Company, in connection with the original arbitration order.

In fiscal 2023, MTP received a first-instance court judgement ordering MTP to pay $170,876 plus interest to Andes Consorcio Minera Del Peru S.A.C. ("ACOMIMPE"). ACOMIMPE had originally claimed $1,167,835 relating to work performed prior to the Company's purchase of MTP in 2020. The Company has filed an appeal and is seeking to have this claim be declared unfounded. ACOMIMPE has also filed an appeal of this judgement which, combined with the Company's appeal, may result in a greater or lesser amount to be awarded. The outcome of this matter is not determinable at this time.

(Expressed in US Dollars)

SHARE CAPITAL INFORMATION

The authorized capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at September 30, 2024, there were no preferred shares issued and outstanding. Balances of the number of common shares, stock options, share purchase warrants, and restricted share units outstanding from September 30, 2024, to the Report Date are summarized below.

Common shares	
Balance as at September 30, 2024	**105,101,729**
Issued	1,532,608
Balance as at Report Date	**106,634,337**

Stock options	
Balance as at September 30, 2024 and Report Date	**3,699,800**

Share purchase warrants	
Balance as at September 30, 2024	**40,090,458**
Issued[1]	959,609
Exercised[2]	(350,000)
Balance as at Report Date	**41,400,067**

Restricted share units	
Balance as at September 30, 2024 and Report Date	**1,137,500**

Convertible debentures	
Balance as at September 30, 2024	**Nil**
Issued (face value)	1,111,111
Converted[3]	(400,000)
Balance as at Report Date	**711,111**

1. 959,609 warrants were issued in connection with the convertible debenture financing.
2. 350,000 common shares issued for proceeds of CAD $129,500 on the exercise of warrants.
3. 1,182,608 common shares on conversion of CAD $400,000 of the debenture plus accrued interest.

CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital Management

The Company defines capital as cash, debt, and the components of shareholders' equity. The Company's objectives when managing capital are to identify, pursue, and complete the exploration and development of its exploration and evaluation assets, to maintain financial strength, to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors. The Company does not have any externally imposed capital requirements. There has been no significant change in the Company's objectives, policies, and processes for managing its capital during the nine months ended September 30, 2024.

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements or transactions during the period.

Financial Instrument Risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at September 30, 2024 the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

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 credit risk is primarily attributable to its liquid financial assets, being cash and receivables. The Company's primary bank accounts are held with major Canadian banks and funds are transferred to the subsidiary's foreign bank accounts as required to cover current expenditures, minimizing the risk to the Company. Receivables are primarily due from a government agency.

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's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. Additional funds will be required to continue operations for the upcoming twelve months.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes:

CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd…)

Foreign currency exchange risk – This risk relates to any changes in foreign currencies in which the Company transacts. The Company incurs costs for goods and services denominated in currencies other than the presentation currency and is subject to foreign currency risk on assets and liabilities denominated in currencies other than the United States dollar. The effect of a 10% change in the foreign exchange rate on monetary balances held in United States dollar and Peruvian soles accounts would be approximately $67,000 recorded in profit or loss for the nine months ended September 30, 2024. The effect of a 10% change in the foreign exchange rate on monetary balances held in CAD $193,000 and Peruvian soles accounts would be approximately $304,000 recorded in other comprehensive income or loss for the nine months ended September 30, 2024.

Interest rate risk – This risk relates to the change in the borrowing rates affecting the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% increase or decrease in the interest rates would have a nominal impact in interest income for the nine months ended September 30, 2024.

Price risk – This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

The Company does not currently use financial instruments designed to hedge these market risks.

Fair value hierarchy

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 marketplace.

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's financial instruments consist of cash, receivables, accounts payable and accrued liabilities. The fair value of cash, receivables, accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these financial instruments.

RISK FACTORS

Kuya Silver is subject to the usual risks associated with a junior mineral exploration and mining company conducting business internationally and competes for access to financing, specialized third party service providers and human capital against other exploration companies, some of whom may be better capitalized. While Kuya Silver has been successful in raising financing in the past, commencement of underground mining, toll-milling (i.e., processing ore at a third-party mill into saleable concentrate) prior to construction and/or construction and commissioning of a processing plant, tailings storage facility and related infrastructure, if considered appropriate moving forward, may require substantial additional financing that is not guaranteed. The convertible debenture issued by the Company carries additional dilution risk, either through conversion of interest and principal at lower share price levels, or if additional financing is required to repay the loan principal at the end of the term.

The Company's operating and capital costs are affected by the cost of commodities and goods such as fuel and supplies, which have been assumed to be available for purchase. It has also been assumed that the Company will have access to the required amount of sufficiently skilled labour as required for operations. Certain factors are outside the Company's control and an increase in the costs of (due to inflation, impacts of the Russia and Ukraine conflict, supply chain disruptions or otherwise), or a lack of availability of, commodities, goods and labour may have an adverse impact on the Company's financial condition and results of operations. The current global economic environment has caused significant volatility in foreign exchange rates, which may also have an adverse impact on the Company's financial condition and results of operations.

In addition to the foregoing, Kuya Silver is subject to a number of other risks and uncertainties which are disclosed in full detail under the heading "Risk Factors" in the MD&A for the year ended December 31, 2023. The risks and uncertainties are not the only ones related to the Company. Additional risks and uncertainties of which the Company is not currently aware, or that the Company currently considers to be immaterial, may also impair the Company's business. If any of the risks materialize, the Company's business may be harmed, and its financial condition and results of operations may suffer significantly. An investment in the Company's common shares is speculative and involves a high degree of risk due to the nature of the Company's business and the present stage of the Company's operations. Investors should not invest in the Company's common shares unless they can afford to lose their entire investment.

ACCOUNTING DISCLOSURES

New Accounting Policies Adopted

Construction in progress

Expenditures for construction of facilities and equipment are capitalized and classified as construction in progress. Once completed, the costs associated with all applicable assets related to the development and construction are reclassified to the appropriate category within facilities and equipment.

IAS 1, Presentation of Financial Statements

Effective January 1, 2024, the Company adopted the amendments to *IAS 1, Presentation of Financial Statements,* which clarify the requirements for classifying liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. There was no impact on the unaudited consolidated interim financial statements on adoption.

New standards, interpretations and amendments to existing standards not yet effective

A number of new standards and amendments to standards and interpretations have been issued by the IASB and are effective for annual periods beginning on or after January 1, 2025 which have not been applied in preparing these consolidated financial statements as they are not yet effective. The standards and amendments to standards that would be applicable to the consolidated financial statements of the Company are the following:

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 - Presentation of Financial Statements; many of the existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its operating profit or loss. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required, and early application is permitted. The Company is currently assessing the impact of this new accounting standard on its financial statements.

SUBSEQUENT EVENTS

Subsequent to September 30, 2024, the Company issued:

a) a unit, which is comprised of a secured convertible debenture of the Company in the principal amount of CAD $1,000,000 (face value of CAD $1,111,111) and 959,609 common share purchase warrants. Each warrant entitles the holder to acquire one common share of the Company at a price of CAD $0.435 per common share for a period of one and one-half years from the date of issue. The convertible debenture has a 15-month term from the date of issuance, bears an annualized interest rate of 8% calculated daily, paid quarterly, and is secured against the shares of Kuya Silver Inc. At the option of the investor, the principal amount of the debenture, in whole or part, is convertible into common shares of the Company at a conversion price equal to the closing price of the common shares on the CSE on the day prior to the date of conversion. Upon conversion, the interest on the amount converted will be calculated as though the amount converted was outstanding for the entire fiscal quarter in which the conversion took place. At the option of the Company, the accrued interest may be converted into common shares of the Company at the same price. While the Company may elect to pay any interest payments in cash, regular interest owed at the end of each quarter may be converted into common shares at a conversion price equal to the closing price of the common shares on the CSE on the last trading day in each of the Company's fiscal quarters. The Company may elect to repay all or part of the debenture prior to the maturity date at an amount equal to 110% of the respective principal amount, plus accrued interest and interest to the end of the fiscal quarter in which the repayment was made. Upon receipt of a notice of repayment, the investor shall have the option to exclude up to one-third of the then outstanding principal amount of the debenture from such early repayment. The Company has the option to have the investor subscribe for an additional unit consisting of a CAD $500,000 convertible debenture (face value of CAD $555,555) and an additional warrant, provided at such time the outstanding principal amount of the debenture is less than CAD $600,000 and the trading price of the common shares of the Company is more than CAD $0.25 per share. The Company paid a 2% transaction fee and closing costs of approximately CAD $48,000;
b) 1,182,608 common shares, at a conversion price of $0.345 per share, on conversion of CAD $400,000 face value of the debenture plus accrued interest of CAD $8,000; and
c) 350,000 common shares, for proceeds of CAD $129,500, on the exercise of warrants.

On October 22, 2024, the Company announced the first sale of concentrate from the Bethania project.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

All statements, other than statements of historical fact, contained or incorporated by reference in this MD&A, including but not limited to any information as to the future financial or operating performance of the Company, constitute "forward-looking information" or "forward-looking statements" within the meaning of certain securities laws, and are based on expectations, estimates and projections as of the date of this MD&A. Forward-looking statements contained in this MD&A include, but are not limited to, those under the headings "Company Overview," "Corporate Update and Outlook" and "Liquidity and Capital Resources," and include, without limitation, statements with respect to: capital requirements and capital expenditures; the Company's working capital needs for the next twelve months, and the availability of financing to meet those needs; the schedules and budgets for the Company's development projects; success of exploration and development activities; project studies; and permitting matters. The words "may," "can," "could," will," "expect," "believe," "plan," "intend," "explore," "estimate," "advance," "future," "target," "goal,", "objective," "possibility," "opportunity," "anticipate," "potential," "ongoing," "next," "pursue," and "continue," and similar words and phrases, and variations of these words and phrases, and statements that certain actions, events or results may, could, should or will be taken, will occur or will be achieved, identify forward-looking statements. Forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business and economic uncertainties and contingencies. The estimates and assumptions of the Company referenced, contained or incorporated by reference in this MD&A, which may prove to be incorrect, include but are not limited to the various assumptions set forth herein, as well as: (1) there being no significant disruptions affecting the operations of the Company, whether due to extreme weather events or other natural disasters, labour disruptions (including but not limited to strikes or workforce reductions), supply disruptions, power disruptions, damage to equipment or disruptions resulting from litigation; (2) permitting for the Company's development projects being consistent with the Company's current expectations; (3) advancement of exploration consistent with the Company's expectations at the Company's projects; (4) political and legal developments in any jurisdiction in which the Company operates being consistent with its current expectations including, without limitation, the impact of any political tensions and uncertainty in the
Republic of Peru or any restrictions or penalties imposed, or actions taken, by any government, including but not limited to potential amendments to customs, tax and mining laws; (5) the completion of studies on the timelines currently expected and the results of those studies being consistent with the Company's current expectations; (6) certain price, volume, production, and timing assumptions related to the generation of revenue from the processing of silver; (7) access to capital markets consistent with the Company's expectations, and sufficient to fund the activities of the Company for the next twelve months; (8) potential direct or indirect operational impacts resulting from infectious diseases or pandemics such as the ongoing COVID-19 pandemic; (9) the effectiveness of preventative actions and contingency plans put in place by the Company to respond to the COVID-19 pandemic, including, but not limited to, social distancing and travel restrictions; and (10) changes in national and local government legislation or other government actions, particularly in response to the COVID-19 pandemic. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: the inaccuracy of any of the foregoing assumptions; fluctuations in the currency markets; fluctuations in the spot and forward price of silver or certain other commodities (such as fuel and electricity); changes in national and local government legislation, taxation, controls, policies and regulations; the security of personnel and assets; political or economic developments in Canada, Peru or other countries in which the Company does business or may carry on business; business opportunities that may be presented to, or pursued by, the Company; operating or technical difficulties in connection with mining or development activities; employee relations; litigation or other claims against, or regulatory investigations and/or any enforcement actions, administrative orders or sanctions in respect of the Company (and/or its directors, officers, or employees) including, but not limited to, securities class action litigation in Canada, environmental litigation or regulatory proceedings or any investigations, enforcement actions and/or

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS (cont'd…)

sanctions under any applicable anti-corruption, international sanctions and/or anti-money laundering laws and regulations in Canada, Peru or any other applicable jurisdiction; the speculative nature of silver exploration and development including, but not limited to, the risks of obtaining necessary licenses and permits; and contests over title or permits to properties, particularly title or permits for undeveloped properties. In addition, there are risks and hazards associated with the business of silver exploration, development, and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, and flooding (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by this cautionary note and those made in our other filings with securities regulators. These factors are not intended to represent a complete list of the factors that could affect the Company. The Company disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.