



**KUYA SILVER CORPORATION**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023**

**(Expressed in US Dollars)**

**(Unaudited)**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

**KUYA SILVER CORPORATION****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in US Dollars)

(Unaudited)

As at

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 951,125	\$ 1,196,879
Receivables	91,770	106,899
Prepays and advances	132,641	259,128
	1,175,536	1,562,906
<b>Facilities and equipment</b> (Note 4)	15,354	110,070
<b>Exploration and evaluation assets</b> (Note 5)	23,815,827	22,825,721
	\$ 25,006,717	\$ 24,498,697
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Notes 6 and 10)	\$ 777,523	\$ 1,103,378
Flow-through share premium (Note 8)	106,048	118,269
	883,571	1,221,647
<b>Reclamation provision</b> (Note 5)	1,892,024	1,852,489
	2,775,593	3,074,136
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	41,352,331	37,200,411
Reserves (Notes 8 and 9)	715,883	1,219,513
Deficit	(19,837,092)	(16,995,363)
	22,231,122	21,424,561
	\$ 25,006,717	\$ 24,498,697

**Nature of operations and going concern** (Note 1)**Commitments and contingencies** (Note 16)

Approved on behalf of the board by:

/s/ "David Stein"  
David Stein, Director

/s/ "Dale Peniuk"  
Dale Peniuk, Director

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

**KUYA SILVER CORPORATION****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in US Dollars)

(Unaudited)

	<b>Three months ended September 30, 2023</b>	<b>Three months ended September 30, 2022</b>	<b>Nine months ended September 30, 2023</b>	<b>Nine months ended September 30, 2022</b>
<b>Property expenses</b>				
Exploration and evaluation expenditures (Notes 5 and 10)	\$ 301,766	\$ 317,701	\$ 1,567,219	\$ 1,528,653
	301,766	317,701	1,567,219	1,528,653
<b>Administrative expenses</b>				
Administrative costs	10,062	10,337	30,096	31,572
Consulting fees (Note 10)	7,431	-	7,431	6,211
Directors' fees (Note 10)	25,146	25,971	75,214	76,383
Filing fees	7,899	10,715	24,908	26,928
Management fees	15,652	16,079	46,816	49,111
Marketing and investor relations	47,961	71,389	115,772	223,369
Office and miscellaneous	67,631	178,432	261,951	393,047
Professional fees (Note 10)	50,624	59,313	173,927	255,809
Share-based compensation (Notes 8 and 10)	86,096	132,032	240,000	640,314
Shareholder communication	1,921	1,695	8,432	11,700
Transfer agent	6,539	2,310	12,357	9,636
Travel	62,201	54,890	112,578	148,803
Warrants issued for loans payable (Note 8)	-	52,012	-	52,012
Wages and benefits (Note 10)	152,051	308,640	538,582	959,482
	541,214	923,815	1,648,064	2,884,377
<b>Operating loss</b>	<b>(842,980)</b>	<b>(1,241,516)</b>	<b>(3,215,283)</b>	<b>(4,413,030)</b>
Accretion expense (Note 5)	(15,012)	(11,995)	(44,903)	(36,637)
Foreign exchange loss	(75,739)	(66,648)	(58,507)	(108,459)
Gain on settlement of accounts payable and accrued liabilities (Note 8)	-	-	13,440	4,797
Recognition of flow-through share premium (Note 8)	23,377	-	142,205	-
	(67,374)	(78,643)	52,236	(140,299)
<b>Loss for the period</b>	<b>(910,354)</b>	<b>(1,320,159)</b>	<b>(3,163,048)</b>	<b>(4,553,329)</b>
<b>Other comprehensive income (loss)</b>				
<b>Item that may be reclassified subsequently to profit and loss</b>				
Foreign currency translation adjustment	(89,966)	(1,384,222)	(73,980)	(1,694,190)
<b>Comprehensive loss for the period</b>	<b>\$ (1,000,320)</b>	<b>\$ (2,704,381)</b>	<b>\$ (3,237,028)</b>	<b>\$ (6,247,519)</b>
<b>Loss per common share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.05)</b>	<b>\$ (0.10)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>73,855,025</b>	<b>50,487,297</b>	<b>68,292,142</b>	<b>47,142,884</b>

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

**KUYA SILVER CORPORATION**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in US Dollars)

(Unaudited)

	Share Capital		Share-based reserves	Foreign currency translation reserves	Deficit	Total
	Number of shares	Amount				
<b>December 31, 2021</b>	45,279,981	\$ 33,172,493	\$ 1,147,110	\$ 399,606	\$ (11,335,791)	\$ 23,383,418
Issuance of units for cash (Note 8)	7,842,334	2,837,837	177,921	-	-	3,015,758
Share issue costs	-	(432,311)	118,266	-	-	(314,045)
Issuance of common shares on acquisition of exploration and evaluation assets (Note 5)	1,084,490	399,910	-	-	-	399,910
Issuance of units on settlement of accounts payable and accrued liabilities	26,000	11,698	1,571	-	-	13,269
Issuance of common shares on settlement of RSUs (Notes 8 and 9)	400,000	187,661	(187,661)	-	-	-
Issuance of warrants for loans payable (Note 8)	-	-	52,012	-	-	52,012
Share-based compensation (Note 8)	-	-	640,314	-	-	640,314
Foreign currency translation	-	-	-	(1,694,190)	-	(1,694,190)
Loss for the period	-	-	-	-	(4,553,329)	(4,553,329)
<b>September 30, 2022</b>	54,632,805	36,177,288	1,949,533	(1,294,584)	(15,889,120)	20,943,117
Issuance of units for cash (Note 8)	4,198,996	1,248,020	196,490	-	-	1,444,510
Flow-through share premium	-	(118,278)	-	-	-	(118,278)
Share issue costs	-	(106,619)	25,111	-	-	(81,508)
Share-based compensation (Note 8)	-	-	41,296	-	-	41,293
Foreign currency translation	-	-	-	301,667	-	301,667
Loss for the period	-	-	-	-	(1,106,243)	(1,106,243)
<b>December 31, 2022</b>	58,831,801	\$ 37,200,411	\$ 2,212,430	\$ (992,917)	\$ (16,995,363)	\$ 21,424,561

**KUYA SILVER CORPORATION****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (cont'd...)**

(Expressed in US Dollars)

(Unaudited)

	Share Capital		Share-based reserves	Foreign currency translation reserves	Deficit	Total
	Number of shares	Amount				
<b>December 31, 2022</b>	58,831,801	\$ 37,200,411	\$ 2,212,430	\$ (992,917)	\$ (16,995,363)	\$ 21,424,561
Issuance of units for cash (Note 8)	12,388,407	2,838,967	30,781	-	-	2,869,748
Flow-through share premium (Note 8)	-	(133,029)	-	-	-	(133,029)
Share issue costs	-	(129,038)	44,142	-	-	(84,896)
Issuance of common shares on acquisition of exploration and evaluation assets (Note 5)	4,369,370	1,057,491	-	-	-	1,057,491
Issuance of common shares on exercise of options (Notes 8 and 9)	200	250	(114)	-	-	136
Issuance of common shares on settlement of accounts payable and accrued liabilities	405,405	94,139	-	-	-	94,139
Issuance of common shares on settlement of RSUs (Notes 8 and 9)	150,000	65,895	(65,895)	-	-	-
Options forfeited or expired (Note 9)	-	-	(269,307)	-	269,307	-
Warrants expired (Note 8)	-	357,245	(409,257)	-	52,012	-
Share-based compensation (Note 9)	-	-	240,000	-	-	240,000
Foreign currency translation	-	-	-	(73,980)	-	(73,980)
Loss for the period	-	-	-	-	(3,163,048)	(3,163,048)
<b>September 30, 2023</b>	76,145,183	\$ 41,352,331	\$ 1,782,780	\$ (1,066,897)	\$ (19,837,092)	\$ 22,231,122

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

**KUYA SILVER CORPORATION****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in US Dollars)

(Unaudited)

	<b>Nine months ended September 30, 2023</b>	<b>Nine months ended September 30, 2022</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Loss for the period	\$ (3,163,048)	\$ (4,553,329)
Adjust for items not involving cash:		
Depreciation	77,127	84,985
Accretion expense	44,903	36,637
Share-based compensation	240,000	640,314
Recognition of flow-through share premium	(142,205)	-
Warrants issued for loans payable	-	52,012
Unrealized foreign exchange loss	(111,662)	(35,404)
Gain on settlement of accounts payable and accrued liabilities	(13,440)	(4,797)
Gain on disposal of facilities and equipment	(2,477)	-
Change in non-cash working capital items:		
Receivables	7,185	13,289
Prepays and advances	127,723	(207,424)
Accounts payable and accrued liabilities	(15,515)	(67,253)
Net cash used in operating activities	(2,951,409)	(4,040,970)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Disposal of facilities and equipment	20,500	-
Payment for exploration and evaluation assets	(100,000)	(60,000)
Net cash used in investing activities	(79,500)	(60,000)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITY</b>		
Proceeds from issuance of share capital	2,869,884	3,015,758
Share issue costs	(84,896)	(308,462)
Proceeds from loans payable	-	232,141
Repayment of loans payable	-	(232,141)
Net cash provided by financing activities	2,784,988	2,707,296
Change in cash	(245,921)	(1,393,674)
Effect of foreign exchange on cash	167	12,891
<b>Cash, beginning of period</b>	<b>1,196,879</b>	<b>2,152,611</b>
<b>Cash, end of period</b>	<b>\$ 951,125</b>	<b>\$ 771,828</b>

**Supplemental cash flow information (Note 11)**

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

## **KUYA SILVER CORPORATION**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

(Unaudited)

SEPTEMBER 30, 2023

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Kuya Silver Corporation (the “Company”) is a mineral exploration and development company with a focus on acquiring, exploring and advancing precious metal assets in Peru and Canada. The Company was incorporated on July 15, 2015 under the Business Corporations Act (British Columbia). The Company’s head office and principal address is located at 150 King Street West, Suite 200, Toronto, ON, M5J 1J9. 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.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company’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. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Although the Company raised capital in current and previous reporting periods, through private placements of its common shares, additional funding will be required to continue current operations and further advance its existing exploration and evaluation assets in the upcoming 12 months. 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 bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

#### **2. BASIS OF PRESENTATION**

##### **Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, of International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee. They do not include all disclosures required by IFRS for annual financial statements, and, therefore, should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2022, prepared in accordance with IFRS.

##### **Approval of the consolidated financial statements**

These condensed interim consolidated financial statements were authorized by the Board of Directors (“Board”) of the Company on November 23, 2023.



**KUYA SILVER CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

(Unaudited)

SEPTEMBER 30, 2023

**2. BASIS OF PRESENTATION (cont'd...)****Basis of presentation**

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value.

**Functional and presentation currency**

The condensed interim financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, Kuya Silver Corporation, is the Canadian dollar, and the functional currency of each of the Company's subsidiaries is the Canadian dollar. The presentation currency of the Company is the United States ("US") dollar. Canadian dollars are represented by CAD \$.

**Principles of consolidation**

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities which the Company controls, either directly or indirectly, where control is defined as the power to govern an entity's financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that may arise upon the exercise or conversion of non-voting securities are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and they are deconsolidated from the date on which control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

Name of subsidiary	Country of incorporation	Percentage of ownership	Principal activity
CobalTech Mining Inc. ("CobalTech")	Canada	100%	Exploration in Canada
Kuya Silver Inc.	Canada	100%	Holding company
Puno Gold Corporation	Canada	100%	Holding company (inactive)
Minera Toro del Plata S.A.C. ("MTP")	Peru	100%	Exploration in Peru
Kuya Silver S.A.C.	Peru	100%	Holding company
Kuya Servicios Mineros S.A.C.	Peru	100%	Service company
Minera Puno Gold S.A.C.	Peru	100%	Exploration in Peru (inactive)
Kuya Silver Panama, S.A.	Panama	100%	Holding company (inactive)

**KUYA SILVER CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

(Unaudited)

SEPTEMBER 30, 2023

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**2. BASIS OF PRESENTATION (cont'd...)****Significant estimates**

The preparation of these condensed interim consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of compensatory options and warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

Estimated reclamation and closure costs

The Company's provision for reclamation and closure cost obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs directly attributable to remediating the liability, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting future cash outflows. Changes in the factors above can result in a change to the provision recognized by the Company. To the extent the carrying value of the related mining property is not increased above its recoverable amount, changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties.

**Significant judgments**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are, but are not limited to, the following:

**KUYA SILVER CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

(Unaudited)

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**2. BASIS OF PRESENTATION (cont'd...)****Significant judgments (cont'd...)**Carrying value and the recoverability of exploration and evaluation assets

Management has determined that expenditures incurred on exploration and evaluation assets which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities, and existing permits.

Determination of functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment. The Company has determined the functional currency of each entity to be the Canadian dollar.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Going concern

The Company has exercised judgment in determining whether its available funds are sufficient to continue operations for 12 months from the end of the reporting period.

**KUYA SILVER CORPORATION**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

(Unaudited)

SEPTEMBER 30, 2023

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**3. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's consolidated financial statements for the year ended December 31, 2022, except as noted below.

Effective January 1, 2023, the Company adopted the amendments to *IAS 12, Income Taxes*, which requires companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. There was no impact on these condensed interim consolidated 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, 2024 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:

*IAS 1, Presentation of Financial Statements*

The amendments 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. This amendment is effective for financial statements beginning on or after January 1, 2024, with early adoption permitted.

The Company is assessing the potential impact of the application of this standard.

**KUYA SILVER CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

(Unaudited)

SEPTEMBER 30, 2023

**4. FACILITIES AND EQUIPMENT**

	Facilities and leasehold improvements	Vehicles	Field equipment	Total
<b>COST</b>				
<b>December 31, 2021</b>	\$ 250,908	\$ 27,460	\$ 11,830	\$ 290,198
Adjustment on currency translation	(15,628)	(1,710)	(737)	(18,075)
<b>December 31, 2022</b>	235,280	25,750	11,093	272,123
Disposals	-	(25,750)	-	(25,750)
Adjustment on currency translation	(647)	-	(30)	(677)
<b>September 30, 2023</b>	<b>\$ 234,633</b>	<b>\$ -</b>	<b>\$ 11,063</b>	<b>\$ 245,696</b>
<b>ACCUMULATED DEPRECIATION</b>				
<b>December 31, 2021</b>	\$ 53,766	\$ 2,747	\$ 1,822	\$ 58,335
Depreciation	106,435	5,437	1,443	113,315
Adjustment on currency translation	(8,951)	(457)	(189)	(9,597)
<b>December 31, 2022</b>	151,250	7,727	3,076	162,053
Disposals	-	(7,727)	-	(7,727)
Depreciation	76,096	-	1,031	77,127
Adjustment on currency translation	(1,093)	-	(18)	(1,111)
<b>September 30, 2023</b>	<b>\$ 226,253</b>	<b>\$ -</b>	<b>\$ 4,089</b>	<b>\$ 230,342</b>
<b>NET BOOK VALUE</b>				
<b>December 31, 2022</b>	\$ 84,030	\$ 18,023	\$ 8,017	\$ 110,070
<b>September 30, 2023</b>	<b>\$ 8,380</b>	<b>\$ -</b>	<b>\$ 6,974</b>	<b>\$ 15,354</b>

During the nine months ended September 30, 2023, the Company disposed of vehicles for proceeds of \$20,500 (2022 - \$nil). The resulting gain of \$2,477 (2022 - \$nil) is included in operations and supplies in exploration and evaluation expenditures. Deprecation on facilities and equipment is included in operations and supplies in exploration and evaluation expenditures.

**KUYA SILVER CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Unaudited)

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**5. EXPLORATION AND EVALUATION ASSETS**

Exploration and evaluation assets include assets in Peru and in Canada.

<b>Project</b>	<b>Bethania Silver Project</b>	<b>Silver Kings Project</b>	<b>Total</b>
<b>December 31, 2021</b>	\$ 18,191,846	\$ 6,282,128	\$ 24,473,974
Additions	60,000	-	60,000
Reclamation provision adjustment	-	(182,143)	(182,143)
Adjustment on currency translation	(1,134,820)	(391,290)	(1,526,110)
<b>December 31, 2022</b>	17,117,026	5,708,695	22,825,721
Issuance of common shares	-	1,057,491	1,057,491
Adjustment on currency translation	(47,022)	(20,363)	(67,385)
<b>September 30, 2023</b>	<b>\$ 17,070,004</b>	<b>\$ 6,745,823</b>	<b>\$ 23,815,827</b>

**Bethania Silver Project, Peru**

The Company's Bethania Silver Project consists of three properties in the same area of interest, Bethania, Carmelitas, and Tres Banderas.

Bethania

In fiscal 2020, the Company completed the acquisition of MTP, whose principal asset is its interest in Bethania.

As at September 30, 2023, the Company has recorded a reclamation provision in the amount of \$49,444 (December 31, 2022 - \$49,459) as an estimate for potential future reclamation and rehabilitation obligations at Bethania, based on activities to date. The estimated costs to be incurred have been adjusted for inflation of 2% (December 31, 2022 - 2%) and then discounted using current market-based pre-tax discount rate of 5% (December 31, 2022 - 5%).

**KUYA SILVER CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Bethania Silver Project, Peru (cont'd...)**Carmelitas

In fiscal 2021, the Company acquired mining concessions located in the district of Acobambilla, department of Huancavelica, Peru, west of Bethania, known as the Carmelitas concessions for a total purchase price of \$892,500, consisting of \$492,500 in cash and \$400,000 in common shares. Upon signing of the agreements, \$293,500 was paid, with the remaining \$199,000 due on May 14, 2022 (included in accounts payable and accrued liabilities) and the \$400,000 in common shares due on November 14, 2022 (presented as obligation to issue shares on the consolidated statements of financial position). On September 21, 2022, the Company and the vendor amended the agreement, which increased the total purchase price from \$892,500 to \$952,500. In accordance with the amended agreement, the Company paid the additional \$60,000 and issued 1,084,490 common shares valued at \$399,910 in settlement of the obligation to issue shares. The \$199,000 due on May 14, 2022 was then amended to be due as follows: \$99,000 on October 15, 2022 (paid in fiscal 2022) and \$100,000 on November 30, 2022 (paid in the nine months ended September 30, 2023).

Tres Banderas

The Company has contiguous mining concessions principally located in the district of Acobambilla, department of Huancavelica, Peru, surrounding the Bethania property, known as the Tres Banderas Concessions.

**Silver Kings Project, Canada**

The Company's Silver Kings Project consists of properties (including patents, leases and mineral claims) located in the Cobalt district of northeastern Ontario, Canada. Historically the Company referred to groups of properties as different projects including the Kerr Project, Silver Kings, and Sunrise Claims, due to different ownership interests; however, all these properties have now been consolidated under the 100%-owned (subject to a 2% royalty on net smelter returns on certain claims) Silver Kings Project.

Kerr Project

On February 26, 2021, the Company entered into a share purchase and option agreement (the "Purchase Agreement") with Electra Battery Metals Corporation ("Electra", formerly known as First Cobalt Corp.), a Canadian public company that owned certain silver mineral exploration assets (the "Kerr Assets"), located in the Cobalt, Ontario region.

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**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Silver Kings Project, Canada (cont'd...)**Kerr Project (cont'd...)

As at September 30, 2023, the Company has recorded a reclamation provision in the amount of \$1,842,580 (December 31, 2022 - \$1,803,030) as an estimate for potential future reclamation and rehabilitation obligations on the Kerr Assets, based on the historical activities on the project to date. The estimated costs to be incurred have been adjusted for inflation of 3% (December 31, 2022 - 3%) and then discounted using current market-based pre-tax discount rate of 3.3% (December 31, 2022 - 3.3%). During the year ended December 31, 2022, the Company recorded a change in estimate related to the reclamation provision of \$182,143, which was recorded as decrease to exploration and evaluation assets. During the nine months ended September 30, 2023, the Company recorded accretion related to the reclamation provision of \$44,903 (September 30, 2022 - \$24,642), which was recorded as an increase to the reclamation provision on the statement of financial position, with an offsetting amount to accretion expense in profit and loss.

Silver Kings (formerly Silver Kings Joint Venture)

The Purchase Agreement with Electra also provided the Company with an option (the "Option") to acquire up to a 70% interest in Electra's remaining silver mineral assets (the "Remaining Assets") in the Cobalt, Ontario area and to form a joint venture. To fully exercise the Option, the Company was required to make cash payments totaling CAD \$2,000,000 and complete work commitments of CAD \$4,000,000 on or before September 1, 2024. The Purchase Agreement provides that the Company may issue an equivalent value in common shares of the Company at the 20-day volume-weighted average price in lieu of making the cash payments. In fiscal 2021, the Company issued 671,141 common shares to Electra, valued at \$771,916 (CAD \$973,154), in lieu of a CAD \$1,000,000 cash payment, under the Option.

In fiscal 2022, the Company and Electra amended the Purchase Agreement and Option to provide the Company with the right to acquire 100% of the Remaining Assets. To fully exercise the amended Option, the Company was required to make an additional cash payment of CAD \$1,000,000 by January 31, 2023. During the nine months ended September 30, 2023, the Company issued 2,702,703 common shares to Electra, valued at \$627,594 (CAD \$837,838), in lieu of the CAD \$1,000,000 cash payment, under the Option and acquired 100% of the Remaining Assets. As per the amendment, the Company granted a 2% royalty on net smelter returns from commercial production on the Remaining Assets.



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**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Silver Kings Project, Canada (cont'd...)**Silver Kings (formerly Silver Kings Joint Venture) (cont'd...)

During the nine months ended September 30, 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 Joint Venture amended Purchase Agreement and Option. To settle the Dispute and acquire CSH's interest in the mineral properties, the Company issued 1,666,667 common shares to CSH, valued at \$429,897 (CAD \$591,667), 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 commercial production on the related mineral properties.

Sunrise Claims

The Company 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. These claims are collectively referred to as the Sunrise Claims.

Exploration and evaluation expenditures

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

<b>Project</b>	<b>Bethania Silver Project</b>	<b>Silver Kings Project</b>	<b>Total</b>
Civil works and engineering	\$ 39,315	\$ 152,959	\$ 192,274
Geology and drilling	21,256	528,732	549,988
Operations and supplies	128,632	103,170	231,802
Property maintenance, licences and rights	36,667	-	36,667
Safety and environment	46,959	2,670	49,629
Value-added tax	79,627	-	79,627
Wages and benefits	161,947	265,285	427,232
<b>Total</b>	<b>\$ 514,403</b>	<b>\$ 1,052,816</b>	<b>\$ 1,567,219</b>

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**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Exploration and evaluation expenditures (cont'd...)

Exploration and evaluation expenditures for the nine months ended September 30, 2022 are as follows:

<b>Project</b>	<b>Bethania Silver Project</b>	<b>Kerr</b>	<b>Silver Kings JV</b>	<b>Total</b>
Civil works and engineering	\$ 332,365	\$ -	\$ -	\$ 332,365
Geology and drilling	151,498	-	-	151,498
Operations and supplies	277,805	28,027	13,940	319,772
Property maintenance, licences and rights	10,709	13,566	-	24,275
Safety and environment	149,484	1,841	-	151,325
Value-added tax	188,768	-	-	188,768
Wages and benefits	270,935	39,313	50,402	360,650
<b>Total</b>	<b>\$ 1,381,564</b>	<b>\$ 82,747</b>	<b>\$ 64,342</b>	<b>\$ 1,528,653</b>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Accounts payable	\$ 764,266	\$ 821,749
Carmelitas agreement (Note 5)	-	100,000
Accrued liabilities	13,257	181,629
	<b>\$ 777,521</b>	<b>\$ 1,103,378</b>

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**7. LOANS PAYABLE**

In fiscal 2022, the Company entered into unsecured loan agreements with a director and an officer (the “lenders”), whereby the parties would provide CAD \$250,000 and CAD \$50,000, respectively. The loans had a 12-month term and an interest rate of 4%, accrued monthly, with interest becoming due and payable on repayment of the principal or at the end of the term. Additionally, the Company, as further compensation, issued 450,000 warrants to the parties. Each warrant is exercisable at a price of CAD \$0.47 for a period of twelve months from the date of issuance. The warrants were valued at \$52,012, calculated using the Black-Scholes option pricing model assuming a life expectancy of one year, a risk-free interest rate of 3.06%, a dividend rate of nil%, a forfeiture rate of nil%, and volatility of 79%. In fiscal 2022, the Company received CAD \$300,000 (\$232,141) from the lenders and repaid CAD \$300,000 (\$232,141) to the lenders. The lenders waived any and all interest amounts upon repayment.

**8. SHARE CAPITAL****Authorized share capital**

The Company’s authorized capital 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, 2023, the Company had not issued any preferred shares.

**Issued share capital**

During the year ended December 31, 2022, the Company issued:

- a) 804,334 units at a price of CAD \$0.90 per unit by way of a private placement that closed in two tranches, for total proceeds of \$556,829 (CAD \$723,901). Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD \$1.20 per common share for a period of two years from the date of issue. The 402,166 warrants were valued at \$177,921, calculated using the residual value method. The Company paid a total of \$11,034 for fees and other share issue costs;

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**8. SHARE CAPITAL (cont'd...)****Issued share capital (cont'd...)**

- b) 5,718,000 units at a price of CAD \$0.45 per unit by way of a brokered private placement for total proceeds of \$1,997,749 (CAD \$2,573,100) and a non-brokered private placement of 1,320,000 units at a price of CAD \$0.45 per unit for total proceeds of \$461,180 (CAD \$594,000), for aggregate gross proceeds of \$2,458,929 (CAD \$3,167,100). Each unit consisted of one common share and one transferrable common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of CAD \$0.70 per common share for a period of five years from the date of issue. The 7,038,000 warrants were valued at \$nil, calculated using the residual value method. The Company paid a total of \$303,011 for fees and other share issue costs and issued 422,280 warrants for finders' fees in connection with this private placement. Each finder's fee warrant entitles the holder to acquire one common share at a price of CAD \$0.45 per common share for a period of two years from the date of issue. The finders' fee warrants were valued at \$118,266, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 3.28%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 88%. ALS GoldSpot Discoveries Ltd. ("GoldSpot") participated in the private placement and the Company concurrently signed a services agreement in the amount of CAD \$315,000 with GoldSpot to provide exploration related services, which may include geological, geophysical and geochemical work, as well as marketing and advertising related services with a wholly owned subsidiary of GoldSpot, CEO.CA Technologies Ltd.;
- c) 1,898,996 units at a price of CAD \$0.43 per unit by way of a private placement that closed in two tranches, for total proceeds of \$599,668 (CAD \$816,568). Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of CAD \$0.70 per common share for a period of three years from the date of issue. The 1,898,996 warrants were valued at \$78,213, calculated using the residual value method. The Company paid a total of \$30,817 for fees and other share issue costs and issued 71,421 finder's fee warrants and 13,395 finder's fee units for finders' fees in connection with this private placement. Each finder's fee warrant entitles the holder to acquire one common share at a price of CAD \$0.70 per common share for a period of three years from the date of issue. The finders' fee warrants were valued at \$8,085, calculated using the Black-Scholes option pricing model assuming a life expectancy of three years, a risk-free interest rate of 3.48%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 88%. Each finder's fee unit entitles the holder to acquire one unit at a price of CAD \$0.43 per unit for a period of one year from the date of issue. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of CAD \$0.70 per common share for a period of three years from the date of issue. The finder's fee units were valued at \$1,404, calculated using the Black-Scholes option pricing model assuming a life expectancy of one year, a risk-free interest rate of 3.85%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 91%;

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**8. SHARE CAPITAL (cont'd...)****Issued share capital (cont'd...)**

- d) 2,300,000 units at a price of CAD \$0.50 per unit by way of a private placement for total proceeds of \$844,842 (CAD \$1,150,000). 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 \$0.70 per common share for a period of three years from the date of issue. The flow-through shares were issued at a premium of \$118,278. The 1,150,000 warrants were valued at \$118,277, calculated using the residual value method. The Company paid a total of \$50,691 for fees and issued 138,000 warrants for finders' fees in connection with this private placement. Each finder's fee warrant entitles the holder to acquire one non-flow-through common share at a price of CAD \$0.70 per common share for a period of three years from the date of issue. The finders' fee warrants were valued at \$15,622, calculated using the Black-Scholes option pricing model assuming a life expectancy of three years, a risk-free interest rate of 3.48%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 88%;
- e) 1,084,490 common shares, valued at \$399,910, for settlement of the obligation to issue shares pursuant to the acquisition of the Carmelitas concessions (Note 5);
- f) 26,000 units, valued at \$13,269, for the settlement of accounts payable, which resulted in a gain on settlement of accounts payable and accrued liabilities of \$4,797. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD \$1.20 per common share for a period of two years from the date of issue. The common shares were valued at \$11,698 and the warrants were valued at \$1,571, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 3.10%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 84%; and
- g) 400,000 common shares, valued at \$187,661, for settlement of vested restricted share units ("RSUs").

During the nine months ended September 30, 2023, the Company issued:

- a) 6,686,888 units at a price of CAD \$0.27 per unit by way of a non-brokered private placement that closed in two tranches, for total proceeds of \$1,340,132 (CAD \$1,805,460). Each unit consisted of one common share and one-half of one transferrable common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD \$0.50 per common share for a period of two years from the date of issue. The 3,343,444 warrants were valued at \$nil, calculated using the residual value method. The Company paid a total of \$21,185 for finders' fees and issued 105,644 finders' warrants in connection with this private placement. Each finder's warrant entitles the holder to acquire one common share at a price of CAD \$0.50 per common share for a period of two years from the date of issue. The finders' fee warrants were valued at \$21,396, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 3.73%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 88%;

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**8. SHARE CAPITAL (cont'd...)****Issued share capital (cont'd...)**

- b) issued 2,920,219 units at a price of CAD \$0.44 per unit by way of a non-brokered private placement for total proceeds of \$975,550 (CAD \$1,284,896). 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 \$0.60 per common share for a period of one and one half years from the date of issue. The flow-through shares were issued at premium of \$133,029. The 1,460,109 warrants were valued at \$nil, using the residual value method. The Company paid a total of \$52,521 for finders' fees and issued 157,213 finders' warrants in connection with this private placement. Each finder's warrant entitles the holder to acquire one non-flow-through common share at a price of CAD \$0.44 per common share for a period of one and one half years from the date of issue. The finders' fee warrants were valued at \$19,133, calculated using the Black-Scholes option pricing model assuming a life expectancy of one and one half years, a risk-free interest rate of 4.62%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 96%;
- c) 2,781,300 units at a price of CAD \$0.27 per unit by way of a non-brokered private placement that closed in two tranches, for total proceeds of \$554,066 (CAD \$750,951). Each unit consisted of one common share and one-half of one transferrable common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD \$0.50 per common share for a period of two years from the date of issue. The 1,390,650 warrants were valued at \$30,781, calculated using the residual value method. The Company paid a total of \$11,190 for finders' fees and issued 56,100 finders' warrants in connection with this private placement. Each finder's warrant entitles the holder to acquire one common share at a price of CAD \$0.50 per common share for a period of two years from the date of issue. The finders' fee warrants were valued at \$3,613, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 4.72%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 93%;
- d) 2,702,703 common shares, valued at \$627,594, pursuant to the amended Option on the Silver Kings Project (Note 5);
- e) 1,666,667 common shares, valued at \$429,897, pursuant to the Dispute on the Silver Kings Project (Note 5);
- f) 200 common shares, for proceeds of \$136, on the exercise of options;
- g) 405,405 common shares on settlement of CAD \$150,000, recorded in accounts payable and accrued liabilities, which resulted in a gain of \$13,440, recorded as gain on settlement of accounts payable and accrued liabilities; and
- h) 150,000 common shares, valued at \$65,895, for settlement of vested RSUs.

**Escrow shares**

On October 7, 2020, the Company entered into an escrow agreement pursuant to which 8,869,165 common shares were placed in escrow. These shares are subject to release in tranches over time; 10% of the securities were released on October 7, 2020 and the remaining escrowed securities will be released in six tranches of 15% every six months thereafter. As at September 30, 2023, there are 1,330,374 (December 31, 2022 - 2,660,748) shares held in escrow.

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**8. SHARE CAPITAL (cont'd...)****Flow-through share premium**

The flow-through share premium consists of the excess of the subscription price over the fair value of the shares without the flow-through feature at the time of issuance, which is recognized in profit or loss, on a pro-rata basis, as the flow-through share funds are spent on qualifying exploration expenditures.

	<b>Total</b>
<b>Balance as at December 31, 2021</b>	\$ -
Flow-through share premium additions	118,278
Recognition of flow-through share premium	(657)
Adjustment on currency translation	648
<b>Balance as at December 31, 2022</b>	118,269
Flow-through share premium additions	133,029
Recognition of flow-through share premium	(142,205)
Adjustment on currency translation	(3,045)
<b>Balance as at September 30, 2023</b>	<b>\$ 106,048</b>

**Share purchase warrants**

During the nine months ended September 30, 2023, 2,871,325 (2022 - nil) share purchase warrants expired unexercised; accordingly, the \$409,257 (2022 - \$nil) issue-date fair value associated with the expired warrants was reclassified. \$357,245 was reclassified from reserves to share capital for warrants associated with a private placement and \$52,012 was reclassified from reserves to deficit for warrants associated with loans payable.

The continuity of share purchase warrants of the Company was as follows:

	<b>Number of warrants</b>		<b>Weighted average exercise price (in CAD)</b>
<b>Balance as at December 31, 2021</b>	2,421,325	\$	2.60
Issued	11,583,863		0.70
<b>Balance as at December 31, 2022</b>	14,005,188	\$	1.03
Issued	6,513,160		0.52
Expired	(2,871,325)		2.27
<b>Balance as at September 30, 2023</b>	<b>17,647,023</b>	<b>\$</b>	<b>0.64</b>

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**8. SHARE CAPITAL (cont'd...)****Share purchase warrants (cont'd...)**

As at September 30, 2023, the Company had outstanding share purchase warrants enabling the holder to acquire common shares as follows:

<b>Number of share purchase warrants</b>	<b>Exercise price (in CAD)</b>	<b>Weighted average remaining life (years)</b>	<b>Expiry date</b>
326,666	\$ 1.20	0.62	May 12, 2024
88,500	\$ 1.20	0.75	June 30, 2024
422,280	\$ 0.45	0.86	August 9, 2024
1,460,109	\$ 0.60	1.31	January 20, 2025
157,213	\$ 0.44	1.31	January 20, 2025
841,036	\$ 0.50	1.51	April 3, 2025
2,608,052	\$ 0.50	1.53	April 11, 2025
1,231,950	\$ 0.50	1.90	August 24, 2025
214,800	\$ 0.50	1.92	August 31, 2025
529,070	\$ 0.70	2.19	December 9, 2025
2,729,347	\$ 0.70	2.23	December 21, 2025
7,038,000	\$ 0.70	3.86	August 9, 2027
<b>17,647,023</b>			

**Finder's fee units**

The continuity of finder's fee units of the Company was as follows:

	<b>Number of finder's fee units</b>	<b>Weighted average exercise price (in CAD)</b>
<b>Balance as at December 31, 2021</b>	-	\$ -
Issued	13,395	0.43
<b>Balance as at December 31, 2022 and September 30, 2023</b>	<b>13,395</b>	<b>\$ 0.43</b>



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**8. SHARE CAPITAL (cont'd...)****Finder's fee units (cont'd...)**

As at September 30, 2023, the Company had outstanding finder's fee units enabling the holder to acquire units as follows:

<b>Number of finder's fee units</b>	<b>Exercise price (in CAD)</b>	<b>Weighted average remaining life (years)</b>	<b>Expiry date</b>
13,395	\$ 0.43	0.19	December 9, 2023
13,395			

**9. SHARE-BASED COMPENSATION**

The Company's equity incentive plan ("the Plan") provides for the grant of awards ("Awards") that enable the acquisition of common shares of the Company. Awards include stock options, RSUs, and performance share units ("PSUs"). The purpose of the Plan is to attract, retain and motivate directors, officers, employees and external service providers by providing them with the opportunity to acquire a proprietary interest in the Company. The options are equity-settled awards, while the RSUs and PSUs can be cash-settled or equity-settled awards as determined by the Company's Board or a committee thereof ("Committee"), at the time of grant. The maximum number of common shares that may be issued pursuant to options and Awards under this Plan shall be determined from time to time but shall not together with any other share compensation arrangement adopted by the Company in the aggregate exceed 10% of the outstanding common shares of the Company.

**Stock options**

The Company has a shareholder-approved rolling stock option plan under which the Committee appointed by the Board to administer the Plan may, from time to time in its discretion, grant options to acquire common shares of the Company to its directors, officers, employees, consultants and advisors with an expiry date of a maximum of five years from the date of grant. The exercise price of each option is determined by the Committee but shall not be less than the greater of the fair market value on the trading day prior to the date of grant and the date of grant. At the time of grant, the Committee may determine when an option will become exercisable, subject to the rules of the CSE. The vesting schedule of the options is determined at the discretion of the Committee, but generally vest equally over a three-year period, starting on the date of grant and the first and second anniversaries of date of grant, provided that the participant's termination date does not occur prior to the applicable vesting date.

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**9. SHARE-BASED COMPENSATION (cont'd...)****Stock options (cont'd...)**

Prior to the approval of the current Plan in June 2022, the exercise price of each option could not be less than the market price of the Company's shares on the date prior to the date of grant less any discounts permitted by the CSE under its policies and could be granted for a maximum term of 10 years with vesting provisions as determined by the Board.

During the nine months ended September 30, 2023, the Company granted 800,000 (2022 - 827,500) stock options with a fair value of \$158,090 (2022 - \$364,391) using the Black-Scholes option pricing model assuming a life expectancy of 5 years (2022 - 5 years), a risk-free interest rate of 3.20% (2022 - 2.09%), a forfeiture rate of nil (2022 - nil), and volatility of 89% (2022 - 87%).

During the nine months ended September 30, 2023, the Company expensed \$129,543 (2022 - \$406,091) for the fair value of options, which was recorded in share-based compensation.

During the nine months ended September 30, 2023, 200 (2022 - nil) incentive stock options were exercised; accordingly, the \$114 (2022 - \$nil) fair value associated with the options exercised was reclassified from reserves to share capital.

During the nine months ended September 30, 2023, 476,667 (2022 - nil) incentive stock options were forfeited or expired; accordingly, the \$269,307 (2022 - \$nil) fair value associated with the options forfeited or expired was reclassified from reserves to deficit.

The continuity of option transactions of the Company was as follows:

	Number of options		Weighted average exercise price (in CAD)
<b>Balance as at December 31, 2021</b>	1,542,500	\$	1.59
Granted	827,500		0.83
Forfeited / expired	(83,333)		1.31
<b>Balance as at December 31, 2022</b>	2,286,667		1.33
Granted	800,000		0.39
Exercised	(200)		0.90
Forfeited / expired	(476,667)		1.98
<b>Balance as at September 30, 2023</b>	<b>2,609,800</b>	<b>\$</b>	<b>0.88</b>
<b>Exercisable as at September 30, 2023</b>	<b>1,875,633</b>	<b>\$</b>	<b>1.03</b>

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**9. SHARE-BASED COMPENSATION (cont'd...)****Stock options (cont'd...)**

As at September 30, 2023, the Company had outstanding options enabling the holder to acquire common shares as follows:

<b>Number of options</b>	<b>Number of exercisable options</b>	<b>Exercise price (in CAD)</b>	<b>Weighted average remaining life (years)</b>	<b>Expiry date</b>
62,500	62,500	\$ 4.15	0.39	February 21, 2024
769,800	769,800	\$ 0.90	2.01	October 1, 2025
45,000	45,000	\$ 1.55	2.73	June 24, 2026
180,000	180,000	\$ 1.90	2.73	June 24, 2026
502,500	385,000	\$ 0.94	3.34	January 31, 2027
250,000	166,667	\$ 0.57	3.89	August 19, 2027
550,000	183,333	\$ 0.34	4.32	January 25, 2028
250,000	83,333	\$ 0.48	4.84	July 31, 2028
<b>2,609,800</b>	<b>1,875,633</b>			

**Restricted share units and performance share units**

During the nine months ended September 30, 2023, the Company granted 650,000 (2022 - 700,000) RSUs with a fair value of \$162,585 (2022 - \$326,208), which vest over a period of up to 24 months.

The Plan also provides the Company with the ability to grant PSUs. The vesting requirements for PSUs are based on certain performance criteria over the vesting period established by the Committee. The number of PSUs that vest is determined by multiplying the number of PSUs granted by an adjustment factor, which ranges from 0% to 200%, based on performance results. As at September 30, 2023, the Company had not issued any PSUs.

During the nine months ended September 30, 2023, the Company expensed \$110,457 (2022 - \$234,223) for the fair value of RSUs, which was recorded in share-based compensation.

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**9. SHARE-BASED COMPENSATION (cont'd...)****Restricted share units and performance share units (cont'd...)**

The continuity of RSUs transactions of the Company was as follows:

	<b>Number of RSUs</b>
<b>Balance as at December 31, 2021</b>	-
Granted	700,000
Cancelled	(25,000)
Settled	(400,000)
<b>Balance as at December 31, 2022</b>	275,000
Granted	650,000
Cancelled	(37,500)
Settled	(150,000)
<b>Balance as at September 30, 2023</b>	<b>762,500</b>

**10. RELATED PARTY TRANSACTIONS**

The Company considers key management personnel to consist of its directors and officers. The following expenses were incurred in transactions with key management personnel and their spouses:

	<b>Nine months ended September 30, 2023</b>	<b>Nine months ended September 30, 2022</b>
Consulting fees	\$ -	\$ 5,957
Directors' fees	72,453	73,175
Professional fees	70,364	-
Share-based compensation	210,075	536,310
Wages and benefits	319,455	419,741
	<b>\$ 672,347</b>	<b>\$ 1,035,183</b>

During the nine months ended September 30, 2023, administrative and exploration and evaluation expenditures of \$86,817 (September 30, 2022 - \$190,022) were paid or accrued to a related entity, which provides engineering and subcontractor services for the Bethania Silver Project. As at September 30, 2023, included in accounts payable and accrued liabilities was \$7,562 (December 31, 2022 - \$nil) owing to this entity.

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**10. RELATED PARTY TRANSACTIONS (cont'd...)**

As at September 30, 2023, included in accounts payable and accrued liabilities was \$16,863 (December 31, 2022 - \$53,703) owing to officers and directors.

**11. SUPPLEMENTAL CASH FLOW INFORMATION**

The significant non-cash financing and investing activities are as follows:

	<b>Nine months ended</b>		<b>Nine months ended</b>	
	<b>September</b>		<b>September</b>	
	<b>30, 2023</b>		<b>30, 2022</b>	
Share issue costs included in accounts payable and accrued liabilities	\$	-	\$	5,583
Shares issued on acquisition of exploration and evaluation assets (Note 9)	\$	1,057,491	\$	399,910
Shares issued for settlement of accounts payable and accrued liabilities	\$	94,139	\$	-
Units issued for settlement of accounts payable and accrued liabilities	\$	-	\$	13,269
Finders' warrants issued for share issue costs	\$	44,142	\$	-
Reclassification of reserves to share capital on exercise of options	\$	114	\$	-
Shares issued for settlement of RSUs	\$	65,895	\$	187,661
Reclassification of reserves to deficit on expiry of options	\$	269,307	\$	-
Reclassification of reserves to share capital on expiry of warrants	\$	357,245	\$	-
Reclassification of reserves to deficit on expiry of warrants	\$	52,012	\$	-
Residual value of warrants issued in private placement	\$	30,781	\$	177,921
Warrants issued for loans payable	\$	-	\$	52,012

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**12. SEGMENTED INFORMATION**

The Company operates in a single reportable operating segment being the acquisition and exploration of exploration and evaluation assets located in Canada and Peru. The below information is presented after intercompany eliminations; the net impact of foreign exchange is presented in Canada. Geographic information is as follows:

	Canada		Peru		Total
As at September 30, 2023					
Exploration and evaluation assets	\$ 6,745,823	\$	17,070,004	\$	23,815,827
Other assets	1,075,069		115,821		1,190,890
<b>Total assets</b>	<b>\$ 7,820,892</b>	<b>\$</b>	<b>17,185,825</b>	<b>\$</b>	<b>25,006,717</b>
For the three months ended September 30, 2023					
Loss	\$ (641,073)	\$	(269,281)	\$	(910,354)
For the nine months ended September 30, 2023					
Loss	\$ (2,052,749)	\$	(1,110,299)	\$	(3,163,048)
	Canada		Peru		Total
As at December 31, 2022					
Exploration and evaluation assets	\$ 5,708,695	\$	17,117,026	\$	22,825,721
Other assets	1,350,075		322,901		1,672,976
<b>Total assets</b>	<b>\$ 7,058,770</b>	<b>\$</b>	<b>17,439,927</b>	<b>\$</b>	<b>24,498,697</b>
For the three months ended September 30, 2022					
Net income (loss)	\$ (677,177)	\$	(642,982)	\$	(1,320,159)
For the nine months ended September 30, 2022					
Loss	\$ (2,219,119)	\$	(2,334,210)	\$	(4,553,329)

**13. FINANCIAL INSTRUMENT RISKS**

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, 2023, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

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**13. FINANCIAL INSTRUMENT RISKS (cont'd...)****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. The Company does not have sufficient cash as at September 30, 2023 to settle its current liabilities as they come due and additional funds are required to continue current operations for the upcoming twelve months (Notes 1 and 16).

**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:

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 \$60,000 recorded in profit or loss for the nine months ended September 30, 2023. The effect of a 10% change in the foreign exchange rate on monetary balances held in CAD dollar and Peruvian soles accounts would be approximately \$144,000 recorded in other comprehensive income or loss for the nine months ended September 30, 2023.

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, 2023.

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**13. FINANCIAL INSTRUMENT RISKS (cont'd...)**

**Market risk (cont'd...)**

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.

**14. 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, and 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.



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**15. 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, 2023.

**16. COMMITMENTS AND CONTINGENCIES****Commitments**

As at September 30, 2023, the Company has a commitment to pay a monthly fee of \$5,000 for advisory services provided to the Company in Peru to a shareholder of the Company. This commitment remains in place for as long as this shareholder maintains a share ownership position of more than five percent of the Company.

During the nine months ended September 30, 2023, the Company raised flow-through funds (Note 8) and agreed to use its commercially reasonable best efforts to incur qualifying exploration expenditures by December 31, 2023. As at September 30, 2023, the Company was obligated to incur \$777,686 (CAD \$1,055,942) in qualifying exploration expenditures.

**Contingencies**

As at September 30, 2023, the Company has the following contingencies:

MTP withheld an accrued payment of \$140,000 due to Compañía Minera San Valentín S.A.C. ("San Valentín") and an arbitration was initiated by San Valentín 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 towards the settlement. There is currently \$46,403 included in accounts payable and accrued liabilities as at September 30, 2023 with respect to San Valentín for penalties, interest and legal fees.

During the nine months ended September 30, 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. 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.