KUYA SILVER CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

(Expressed in US Dollars)

Report Date – May 26, 2022

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MANAGEMENT'S DISCUSSION & 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 and its subsidiaries ("Kuya Silver", the "Company", "we", or "our") as at and for the three months ended March 31, 2022. 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 months ended March 31, 2022. 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 Annual Information Form ("AIF"), audited annual consolidated financial statements and corresponding notes to the consolidated financial statements as well as the MD&A for the year ended December 31, 2021, which are available under the Company's profile on the SEDAR website at www.sedar.com.

The Company's management is responsible for the preparation and presentation of the financial statements and this MD&A. The 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 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 May 26, 2022 (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 metal properties in Peru and Canada. 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.

OVERVIEW OF EXPLORATION AND EVALUATION ASSETS

Bethania Silver Project (Huancavelica, Peru)

<u>Bethania</u>

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 (collectively referred to as "Bethania") located in the district of Acobambilla, department of Huancavelica, Peru. MTP operated the Bethania mine from 2010 to 2016, by mining ore and trucking it to nearby plants for processing into concentrates.

<u>Carmelita Concessions</u>

On May 14, 2021, the Company announced the acquisition of three mineral concessions, Carmelita 2005, Carmelita 2005 I and Carmelita 2005 II concessions (collectively "Carmelita"), totaling 800 hectares, 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 Carmelita concessions were host to small-scale mining activities until early 2020, producing silver-polymetallic material very similar to Bethania. Kuya Silver plans to incorporate Carmelita into its operating activities at Bethania going forward.

The total purchase price of $892,500, consisted of $492,500 in cash and $400,000 in common shares. Upon signing of the agreements, $293,500 was paid. The remaining $199,000 was due on May 14, 2022, and the vendor has agreed to extend the due date to later in 2022. The $400,000 in common shares in the capital of the Company will be issued on the eighteen-month anniversary of signing the agreements at a deemed price per common share equal to the 10-day average closing price of the common shares on the CSE, ending on the day prior to issuance.

<u>Tres Banderas and Chinita Concessions</u>

These claims and 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.

Chinita I (200 ha) is held by MTP and was included in the acquisition of MTP while Tres Banderas 01 and 02 (2,500 ha) were acquired through an open application process in 2019 and 2020.

On November 15, 2021, the Tres Banderas 03, Tres Banderas 04, Tres Banderas 05, Tres Banderas 06 and Tres Banderas 07 mineral claims (that are in the district of the Bethania concessions and claims) were acquired for a total cost of $565,000 via a sealed bid government auction, representing approximately 1,800 net hectares (22 claim blocks).

(Expressed in US Dollars)

Silver Kings Project (Ontario, Canada)

On March 1, 2021, the Company completed an agreement to acquire, from Electra Battery Materials Corporation ("Electra", formerly known as First Cobalt Corp.), certain silver mineral exploration assets (the "Kerr Assets"), as well as an option to acquire up to 70% of the balance of Electra's silver mineral exploration assets (the "Remaining Assets") located in the historic Cobalt, Ontario silver mining district. As part of that agreement, the Company will form a joint venture with Electra, through its wholly owned subsidiary Cobalt Industries of Canada Inc. ("CIC"), the company that holds the Remaining Assets (the "Option").

The entire 10,000-hectare land package will be referred to as the Silver Kings Project, consisting of the 100%-owned Kerr Assets (which going forward, will be referred to as the "Kerr Project") and the joint venture with Electra ("Silver Kings JV").

Kerr Project

On March 1, 2021, the Company paid CAD $1,000,000 ($789,827) and issued a total of 1,437,470 common shares, at a value of $2,668,079 or CAD $2.35 ($1.86) per share, for a total cost of $3,457,906 for 100% of the issued and outstanding common shares and preferred shares of CobalTech Mining Inc. ("CobalTech"), (a wholly owned subsidiary of Electra) that holds the Kerr Assets. As part of the purchase agreement, Electra agreed to provide CobalTech with CAD $ 500,000 at the time of closing, for CobalTech to utilize on flow-through eligible expenditures prior to December 31, 2021. In order to facilitate these flow-through expenditure arrangements, Electra subscribed for 1,000 Class A shares of CobalTech, which granted Electra the ability to appoint a majority of the directors of CobalTech, until such time as the Class A shares were redeemed. The Class A shares were redeemable at the option of CobalTech at a price of CAD $0.001 per Class A share and as a condition of the Purchase Agreement, the Class A shares could not be redeemed until CobalTech incurred the CAD $500,000 of flow through eligible expenditures. As at September 30, 2021, having incurred the CAD $500,000 of flow-through eligible expenditures, CobalTech renounced these flow-through eligible expenditures to Electra and redeemed the Class A shares. As a result, the Company obtained control of and consolidated CobalTech effective September 30, 2021.

Silver Kings JV

To fully exercise the Option, the Company must make payments totaling CAD $2,000,000 (and complete work commitments of CAD $4,000,000, as follows:

Work Commitments for Silver Kings JV	**Acquisition in cash (CAD$)**	**Work commitments (CAD$)**
Requirements on or before:		
September 1, 2021 ("Initial Earn-In") – completed	$ 1,000,000	$ -
September 1, 2022 (49% interest)	300,000	2,000,000
September 1, 2023 (additional 11% interest)	350,000	1,000,000
September 1, 2024 (additional 10% interest)	350,000	1,000,000
	$ 2,000,000	**$ 4,000,000**

For the Initial Earn-In, the agreement provides that the Company may issue an equivalent value in common shares of the Company at the 20-day Volume Weighted Average Price ("Earn-in VWAP") in lieu of making the cash payment and for each acquisition payment thereafter, in lieu of making cash payments, the Company may issue shares at an issuance price equivalent to the Earn-In VWAP.

On September 1, 2021, the Company issued 671,141 common shares to Electra, for the Initial Earn-in payment and and is working with Electra to establish the terms of the joint venture agreement for the joint exploration and development of the Remaining Assets.

CORPORATE UPDATE & OUTLOOK

Kuya Silver is undergoing a period of growth as it advances exploration and development of the Bethania Silver Project in Peru and continues with exploration activities at the Silver Kings Project in Ontario.

On April 21, 2022, we announced a non-brokered private placement of up to 2,000,000 units at a price of CAD $1.00 per unit for aggregate gross proceeds of up to CAD $2,000,000. Subsequently, on May 12, 2022, we announced that we had amended the terms of this private placement and closed the first tranche which was comprised of 653,334 units and raised gross proceeds of CAD $588,001. The private placement now consists of up to 2,222,222 units at a price of CAD $0.90 per unit for aggregate gross proceeds of up to CAD $2,000,000. Each unit consists of one common share in the capital of the Company and one-half of one transferrable common share purchase warrant. Each warrant entitles the holder to purchase one common share in the capital of the Company at a price of CAD $1.20 (previously CAD $1.40) until the date which is two years from the date of issuance. The Company intends to use the proceeds from this private placement for general working capital purposes.

<u>Bethania Silver Project</u>

The management team continues to move towards bringing the Bethania Silver Project to the development and construction stage. On January 24, 2022, we received the construction authorization for a 350 tonne per day processing plant as well as tailings management facilities and other infrastructure. The Company is now fully permitted to proceed with construction of the processing plant, with the ultimate goal of restarting mining and processing ore from Bethania.

We announced an initial mineral resource estimate on January 6, 2022, subsequently filing a NI 43-101 Technical Report for the Bethania Silver Project. We also announced the results of a preliminary economic assessment ("PEA") on the Bethania expansion projection on May 4, 2022. A technical report relating to the PEA, prepared in accordance with NI 43-101, will be filed on SEDAR and posted on the Company's website within 45 days of the news release date of May 4, 2022.

The next major milestone for the Company is raising the required funding to be able to finalize plans and make a construction decision on the Bethania Silver Project. The PEA provides the Company with, amongst other things, an estimate of the initial capital required, which is being used as the basis for engaging with potential financing partners to fund the capital required for the construction of the processing plant, tailings management facility and related infrastructure. During the time leading to having all the financing in place, the Company continues to refine the engineering designs and costs of the construction and mine plans, while keeping the Bethania property in good standing, such that construction activities can commence once the financing is put in place.

(Expressed in US Dollars)

Silver Kings Project

The management team is committed to both the Kerr Project, in which we see the possibility of more advanced stage silver-cobalt targets, and the Silver Kings JV, in which we believe we have a large, geologically prospective, and historically underexplored land package with the potential for new discoveries. Having made the Initial Earn-In Payment on September 1, 2021, we expect to negotiate and enter into a joint venture agreement with Electra for the joint exploration and development of the Silver Kings JV in 2022. While the Company's current focus is on Bethania, the exploration team plans to carry out project planning and desktop studies and detailed field mapping in support of a diamond drill program that can be executed once the Company is able to allocate additional resources to the Silver Kings Project.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Selected Financial Information		Three months ended March 31		
		2022		2021
Revenue	**$**	**-**	$	-
Exporation & evaluation expenditures		**644,867**		212,628
Administrative expenses[1]		**681,474**		511,295
Share-based compensation		**229,664**		58,485
Foreign exchange loss & other		**23,681**		120,499
(Loss) for the period	**$**	**(1,579,686)**	$	(902,907)
(Loss) per share (Basic and diluted)[2]:	**$**	**(0.03)**	$	(0.02)

1. Administrative expense excludes 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 first quarter of 2022, we had a loss of $1,579,686 as compared to a loss of $902,907 in the same quarter of 2021. The loss for the quarter was comprised of $644,867 (2021 - $212,628) in exploration and evaluation expenditures, $911,138 (2021 - $569,780) in administrative expenses, including share-based compensation of $229,664 (2021 - $58,485), and a foreign exchange and other expense of $23,681 (2021 - $120,499), which includes accretion expense of $12,372 (2021 - nil).

Details of the significant expenditures for the three months ended March 31, 2022, are described below.

Exploration and Evaluation Expenditures

Bethania Silver Project

The focus in the first quarter of 2022 was on completing the mineral resource estimate and the PEA for the Bethania Silver Project and the majority of the costs incurred in the first quarter were for that work as well as for the continued engineering and planning of the processing plant and related tailings management facility and infrastructure and for general operating and maintenance costs at the Bethania property. Exploration costs were also incurred for the continued surface sampling and trenching program at Bethania which commenced on November 15, 2021.

(Expressed in US Dollars)

In the comparative period in 2021, exploration and evaluation expenses included the ramping up of engineering design work for the Bethania expansion and other costs related to advancing the studies for the development of the project and preparing for the Phase I drill project which commenced in the second quarter of 2021.

Silver Kings Project

Included in exploration and evaluation expenditures in the first quarter are costs for Silver Kings JV ($22,809) and for the Kerr Project ($27,304). During the quarter, exploration and evaluation expenditures were made for the production of government assessment reports and for compilation of historical drill results. Expenditures also include $6,595 for the maintenance of property licenses and rights.

Exploration and evaluation expenditures incurred during the quarter ended March 31, 2022 were:

Exploration and evaluation expenditures	**Three months ended March 31**	
	2022	2021
Bethania Silver Project		
Civil works and engineering	$ 187,207	$ 70,244
Geology and drilling	105,471	32,030
Operations and supplies	95,552	3,299
Property maintenance, licences and rights	4,808	10,616
Safety and environment	41,601	4,270
Value Added Tax ("VAT")	65,649	38,298
Wages and benefits	94,466	53,871
	594,754	212,628
Kerr		
Operations and supplies	4,581	-
Property maintenance, licenses and rights	6,595	-
Safety and environment	1,841	-
Wages and benefits	14,287	-
	27,304	-
Silver Kings JV		
Operations and supplies	2,220	-
Wages and benefits	20,589	-
	22,809	-
Total	**$ 644,867**	**$ 212,628**

(Expressed in US Dollars)

Administrative Expenses

Administrative expenses of $911,138 were incurred in the three months ended March 31, 2022 as compared to $569,780 in the same period in 2021. Kuya Silver became a publicly traded company in October of 2020 and with the completion of the acquisition of MTP in December 2020 and the addition of the Silver Kings Project in March of 2021, started growing and adding key management personnel in Toronto and Peru. Many of these costs were ramping up after the first quarter of 2021 including wages and benefits for employees, share based compensation expense and travel; resulting in higher costs in the first quarter of 2022 than in the comparable period of 2021. The increased share-based compensation expense in the first quarter of 2022 as compared to the same period in 2021 is driven by the vesting of previously granted stock options and the annual stock option grants taking place in the first quarter of 2022; in 2021, there were no stock option grants in the first quarter, as stock option grants occurred at the time of closing of the reverse takeover transaction ("RTO") with Miramont Resources Corp. ("Miramont").

Administrative Expenses	**Three months ended March 31**			
		2022		2021
Administrative costs	$	10,662	$	10,664
Consulting fees		-		69,408
Directors' fees		24,056		24,515
Filing fees		7,389		6,768
Management fees		16,585		100,042
Marketing and investor relations		57,261		56,811
Office and miscellaneous		106,499		82,135
Professional fees		78,094		55,982
Share-based compensation		229,664		58,485
Shareholder communication		2,922		790
Transfer agent		1,790		2,866
Travel		51,641		24,130
Wages and benefits		324,575		77,184
	$	911,138	$	569,780

Foreign exchange loss/(gain) and other

During the quarter ended March 31, 2022, we had a foreign exchange loss of $11,309 (2021 - $125,765) as a result of the Peruvian sol ("PEN") strengthening during the first quarter of 2022, increasing from 0.247 to 0.267 (PEN/USD).

Included in the other expense for 2022 is also $12,372 of accretion expense related to the reclamation provision (2021 - $nil), which was recorded as an increase to the reclamation provision on Kerr, with an offsetting amount to accretion expense.

(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 March 31, 2022:

Project	Bethania Silver Project	Kerr	Silver Kings JV	Total
Civil works and engineering	$ 1,650,329	$ -	$ -	$ 1,650,329
Geology and drilling	1,065,963	23,488	258,946	1,348,397
Operations and supplies	480,718	6,121	32,281	519,120
Property maintenance, licences and rights	58,475	12,419	-	70,894
Safety and environment	133,393	21,169	-	154,562
Value Added Tax ("VAT")	659,765	-	-	659,765
Wages and benefits	340,969	14,287	223,083	578,339
Expense recovery from Electra	-	-	(119,175)	(119,175)
Total	$ 4,389,612	$ 77,484	$ 395,135	$ 4,862,231

1) Cumulative costs are as follows: Bethania Silver Project, since acquisition of 100% on December 15, 2020; Kerr, since September 30, 2021 (consolidation date); Silver Kings JV, since September 1, 2021 (initial earn-in payment date).

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.

		2022	2021				2020		
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Selected Financial Information									
Revenue	$	-	-	-	-	-	-	-	-
Exporation & evaluation expenditures	$	644,867	1,164,344	1,391,228	1,440,156	212,628	5,447	-	-
Administrative expenses[1]	$	681,474	801,446	733,687	649,662	511,295	293,056	363,422	43,441
Share-based compensation	$	229,664	67,082	116,681	281,422	58,485	300,858	8,645	8,644
Equity loss in CobalTech	$	-	-	97,327	110,845	-	-	-	-
(Gain) on write-off of liabilities	$	-	(382,406)	(132,196)	-	-	-	-	-
Foreign exchange (gain) loss and other [2,3]	$	23,681	25,340	(34,158)	(221,635)	120,499	2,615,471	(56)	(53)
Loss for the period	$	1,579,686	1,675,807	2,172,568	2,260,450	902,907	3,214,832	372,011	52,032
(Loss) per share - Basic and diluted [4]:	$/share	(0.03)	(0.04)	(0.05)	(0.06)	(0.02)	(0.11)	(0.02)	(0.00)

1. Administrative expense excludes share-based compensation
2. Other includes items such as interest income, listing fees (Q4 2020), accretion expense (Q1 2022) and other expenses
3. Listing fees associated with the Company's RTO in the fourth quarter of 2020 were $2,455,077
4. In periods when the Company has a loss, diluted loss per share is the same as basic loss per share.

The costs incurred by Kuya Silver in 2020 are not directly comparable to the costs in 2021 and 2022, as the Company was privately held until the fourth quarter of 2020 and had minimal administrative costs and share-based compensation expense until that time. In the third and fourth quarter of 2020, the expenses and fees incurred related primarily to the RTO as well as some costs associated with the acquisition of MTP and share based compensation expense.

(Expressed in US Dollars)

The first quarter of 2021 was when the Company started ramping up activities at the Bethania Silver Project, hiring management personnel in Toronto and Peru and incurring additional administrative costs associated with being a publicly traded company. As the Company continued to grow during 2021, costs generally trended upwards in line with hiring and growing the Company.

Exploration and evaluation costs in 2021 and 2022 include costs for our Bethania Silver Project, our Kerr Project and the Silver Kings JV. As a result of the drill program at Bethania, and the advancement of the design of the mine and processing plant, exploration and evaluation expenses trended higher in the second and third quarter, ramping down in the fourth quarter. With the acquisition of CobalTech on March 1, 2021, the Company started incurring exploration and evaluation expenditures in the second and third quarter of 2021 (included in equity losses until consolidation of CobalTech on September 30, 2021 and thereafter in evaluation and exploration expenses). Subsequent to the payment of the first earn-in payment for the Silver Kings JV, the Company also started incurring exploration and evaluation expenditures on that project.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended March 31, 2022	Three months ended March 31, 2021
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Loss for the period	$ (1,579,686)	$ (902,907)
Items not involving cash	279,902	(25,560)
Change in non-cash working capital	(37,571)	(403,950)
Net cash used in operating activities	(1,337,355)	(1,332,417)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Investment in and advances to CobalTech	-	(789,827)
Addition of facilities and equipment	-	(294,837)
Net cash used in investing activities	-	(1,084,664)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	35,315
Net cash provided by financing activities	-	35,315
Change in cash	(1,337,355)	(2,381,766)
Effect of foreign exchange on cash	53	129,231
Cash, beginning of period	2,152,611	4,904,562
Cash, end of period	**$ 815,309**	**$ 2,652,027**

The Company's cash position was $815,309 as at March 31, 2022. The decrease in cash for the three months ended March 31, 2022 was as a result of $1,337,355 of net cash used in operating activities. In the first quarter of 2022, cash was used primarily for exploration and evaluation expenditures and general and administrative expenses, while in the comparable period in 2021, we had a $403,950 change in cash for working capital as we paid down accounts payable primarily in MTP. There was no cash used in investing activities in the first quarter of 2022, nor were there any cash proceeds from financing activities. In the same period in 2021, we invested $789,827 for the CobalTech acquisition and $294,837 for exploration camp facilities at Bethania.

(Expressed in US Dollars)

Net working capital deficiency was $(518,842) as at March 31, 2022, compared to working capital of $792,136 as at December 31, 2021 as shown below. The Company does not have sufficient cash as at March 31, 2022 to settle its current liabilities as they come due and additional funds will be required to continue current operations for the upcoming twelve months.

Working Capital		**March 31, 2022**		**December 31, 2021**
Current assets	$	1,129,828	$	2,436,765
Current liabilities		1,648,670		1,644,629
Net working capital (deficiency)	$	(518,842)	$	792,136

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. Existing cash at March 31, 2022 of $815,309 is sufficient to meet some of the Company's short-term administrative costs, and while we raised CAD $588,001 of gross proceeds on May 12, 2022 from the private placement (see "Share Capital Information" below), 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.

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 bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

(Expressed in US Dollars)

TRANSACTIONS WITH RELATED PARTIES

We have identified the members of our Board of Directors and certain senior officers as our key management personnel. The following summarizes the Company's related party transactions with those parties during the three months ended March 31, 2022 and 2021:

Related Party Transactions	**Three months ended March 31**	
	2022	**2021**
Compensation, Management	$ 142,675	$ 57,382
Compensation, Directors	23,006	23,827
Share-based compensation, Management[1]	134,853	12,422
Share-based compensation, Directors[1]	37,227	26,572
	$ 337,761	**$ 120,203**

1) Share-based compensation for management and directors represent the fair value using the Black-Scholes option pricing model of options

As at March 31, 2022, included in accounts payable and accrued liabilities was $19,945 (December 31, 2021 - $19,643) owing to officers and directors.

In addition to management personnel, we have also identified a company which provides engineering and subcontractor services to our operations in Peru as a related party. During the three months ended March 31, 2022, administrative and exploration and evaluation expenditures of $91,668 (2021 - $nil) were paid or accrued to this related entity. As at March 31, 2022, included in accounts payable and accrued liabilities was $58,420 (December 31, 2021- $nil) owing to this entity. As the effective date of this entity becoming a related party was August 8, 2021, there were no costs disclosed for the comparative period.

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 May 26, 2022, there were no preferred shares issued and outstanding. Changes in common shares, options and warrants outstanding from March 31, 2022 to the Report Date are summarized below.

Common shares	**Number of common shares**
Balance as at March 31, 2022	45,279,981
Issued	653,334
Balance as at Report Date	**45,933,315**

Stock options	**Number of options**
Balance as at March 31, 2022	2,120,000
Granted	nil
Balance as at Report Date	**2,120,000**

(Expressed in US Dollars)

Share purchase warrants	Number of warrants
Balance as at March 31, 2022	2,421,325
Issued	326,666
Balance as at Report Date	**2,747,991**

On April 21, 2022, we announced a non-brokered private placement of up to 2,000,000 units at a price of CAD $1.00 per unit for aggregate gross proceeds of up to CAD $2,000,000. Subsequently, on May 12, 2022, we announced that we had amended the terms of this private placement and closed the first tranche which was comprised of 653,334 Units and raised gross proceeds of CAD $588,001. The private placement now consists of up to 2,222,222 units at a price of CAD $0.90 per unit for aggregate gross proceeds of up to CAD $2,000,000. Each unit consists of one common share in the capital of the Company and one-half of one transferrable common share purchase warrant. Each warrant entitles the holder to purchase one common share in the capital of the Company at a price of CAD $1.20 (previously CAD $1.40) until the date which is two years from the date of issuance. The Company intends to use the proceeds from this private placement for general working capital purposes.

On May 26, 2022, the Board of Directors of the Company approved a new share incentive plan that will include options, restricted share units, and performance share units. The new plan, which would replace the current plan, is subject to shareholder and CSE approval. The purpose of this new share incentive plan is to advance the interests of the Company through the motivation, attraction, and retention of key officers, directors, employees and consultants.

CAPITAL & 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.

Kuya Silver 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 three months ended March 31, 2022.

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 March 31, 2022 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 become 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 March 31, 2022 to settle its current liabilities as they come due and additional funds are required to continue current 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:

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 $86,000 recorded in profit or loss for the three months ended March 31, 2022. The effect of a 10% change in the foreign exchange rate on monetary balances held in Canadian dollar and Peruvian soles accounts would be approximately $13,000 recorded in other comprehensive income or loss for the three months ended March 31, 2022.

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 three months ended March 31, 2022.

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, and obligation to issue shares. The fair value of these financial instruments approximates their carrying values. Obligation to issue shares is measured at fair value using level 1 inputs.

RISK FACTORS

Kuya Silver is subject to the usual risks associated with a junior mineral exploration 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, the construction and commissioning of a processing plant, tailings storage facility and related infrastructure, and commencement of underground mining, if considered appropriate moving forward, will require substantial additional financing that is not guaranteed.

The Company's operating costs, 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, 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.

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 our AIF for the year ended December 31, 2021. This list is not exhaustive and additional risks and uncertainties not currently known to the Company, or those that it currently deems to be immaterial, may become material and adversely affect the Company's business. The realization of any of these risks may materially and adversely affect the Company's business, financial condition, results of operations and/or the market price of the Company's securities.

ACCOUNTING DISCLOSURES

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, 2023. These have not been applied in preparing the consolidated financial statements.

There are no IFRS standards nor amendments to standards and interpretations that are not yet effective that would be expected to have a material impact on the consolidated financial statements of the Company, except for the following:

IAS 12, Income Taxes

On May 7, 2021, the IASB issued amendments to IAS 12, Income Taxes that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

The main change is such that the initial recognition exemption provided in IAS 12 would no longer apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. While management does not currently anticipate these amendments having a material effect on the Company's consolidated financial statements for 2023, they may have an effect in periods beyond 2023.

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 & 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," "future," "target," "goal,", "objective," "possibility," "anticipate," "potential," "ongoing," "next," "pursue," "towards," 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 or damage to equipment; (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 assumptions for 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 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 to properties, particularly title to 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.