



**KUYA SILVER CORPORATION**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2024**

**(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>March 31, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,409,945	\$ 2,650,187
Receivables	232,954	206,138
Prepays and advances	157,795	149,458
	<u>1,800,694</u>	<u>3,005,783</u>
<b>Facilities and equipment</b> (Note 4)	6,309	6,798
<b>Exploration and evaluation assets</b> (Note 5)	23,746,254	24,271,490
	<u>\$ 25,553,257</u>	<u>\$ 27,284,071</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Notes 6 and 9)	\$ 859,134	\$ 945,236
Flow-through share premium (Note 7)	37,753	48,492
	<u>896,887</u>	<u>993,728</u>
<b>Reclamation provision</b> (Note 5)	1,789,254	1,815,709
	<u>2,686,141</u>	<u>2,809,437</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	44,308,456	44,177,779
Reserves (Notes 7 and 8)	916,284	1,507,806
Deficit	(22,357,624)	(21,210,951)
	<u>22,867,116</u>	<u>24,474,634</u>
	<u>\$ 25,553,257</u>	<u>\$ 27,284,071</u>

**Nature of operations and going concern** (Note 1)**Commitments and contingencies** (Note 15)**Subsequent events** (Notes 7 and 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 March 31, 2024</b>	<b>Three months ended March 31, 2023</b>
<b>Property expenses</b>		
Exploration and evaluation expenditures (Notes 5 and 9)	\$ 524,842	\$ 841,931
	(524,842)	(841,931)
<b>Administrative expenses</b>		
Administrative costs	27,365	9,981
Directors' fees (Note 9)	25,014	24,915
Filing fees	8,703	8,825
Management fees	15,569	15,526
Marketing and investor relations	95,495	39,841
Office and miscellaneous	79,208	86,353
Professional fees (Note 9)	68,117	66,284
Share-based compensation (Notes 8 and 9)	87,475	78,288
Shareholder communication	2,943	2,802
Transfer agent	1,876	2,803
Travel	72,596	28,035
Wages and benefits (Note 9)	153,626	212,216
	(637,987)	(575,869)
<b>Operating loss</b>	(1,162,829)	(1,417,800)
Accretion expense (Note 5)	(13,426)	(14,891)
Foreign exchange loss	(2,962)	(16,301)
Gain on settlement of accounts payable and accrued liabilities (Note 7)	-	13,440
Recognition of flow-through share premium (Note 7)	9,727	87,917
	(6,661)	70,165
<b>Loss for the period</b>	(1,169,490)	(1,347,635)
<b>Other comprehensive income (loss)</b>		
<b>Item that may be reclassified subsequently to profit and loss</b>		
Foreign currency translation adjustment	(525,503)	15,986
<b>Comprehensive loss for the period</b>	\$ (1,694,993)	\$ (1,331,649)
<b>Loss per common share – basic and diluted</b>	\$ (0.01)	\$ (0.02)
<b>Weighted average number of common shares outstanding – basic and diluted</b>	93,350,784	61,143,968

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 subscriptions received in advance	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 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 settlement of accounts payable and accrued liabilities	405,405	94,139	-	-	-	-	94,139
Issuance of common shares on settlement of restricted share units (Notes 7 and 8)	150,000	65,895	-	(65,895)	-	-	-
Share subscriptions received in advance (Note 7)	-	-	96,279	-	-	-	96,279
Options forfeited or expired (Note 8)	-	-	-	(105,799)	-	105,799	-
Share-based compensation (Note 8)	-	-	-	78,288	-	-	78,288
Foreign currency translation	-	-	-	-	15,986	-	15,986
Loss for the period	-	-	-	-	-	(1,347,635)	(1,347,635)
<b>March 31, 2023</b>	63,756,576	38,417,936	96,279	2,119,024	(976,931)	(18,237,199)	21,419,109
Issuance of units for cash (Note 7)	29,166,123	5,875,730	(96,279)	138,331	-	-	5,917,782
Flow-through share premium (Note 7)	-	(175,627)	-	-	-	-	(175,627)
Share issue costs	-	(299,159)	-	74,677	-	-	(224,482)
Issuance of common shares on exercise of options (Notes 7 and 8)	200	250	-	(114)	-	-	136
Options forfeited or expired (Note 8)	-	-	-	(163,508)	-	163,508	-
Warrants expired (Note 7)	-	358,649	-	(410,661)	-	52,012	-
Share-based compensation (Note 8)	-	-	-	238,637	-	-	238,637
Foreign currency translation	-	-	-	-	488,351	-	488,351
Loss for the period	-	-	-	-	-	(3,189,272)	(3,189,272)
<b>December 31, 2023</b>	92,922,899	44,177,779	-	1,996,386	(488,580)	(21,210,951)	24,474,634

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 (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, 2023</b>	92,922,899	\$ 44,177,779	\$ 1,996,386	\$ (488,580)	\$ (21,210,951)	\$ 24,474,634
Issuance of common shares on settlement of restricted share units (Notes 7 and 8)	437,500	130,677	(130,677)	-	-	-
Options forfeited or expired (Note 8)	-	-	(22,817)	-	22,817	-
Share-based compensation (Note 8)	-	-	87,475	-	-	87,475
Foreign currency translation	-	-	-	(525,503)	-	(525,503)
Loss for the period	-	-	-	-	(1,169,490)	(1,169,490)
<b>March 31, 2024</b>	93,360,399	\$ 44,308,456	\$ 1,930,367	\$ (1,014,083)	\$ (22,357,624)	\$ 22,867,116

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>Three months ended March 31, 2024</b>	<b>Three months ended March 31, 2023</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Loss for the period	\$ (1,169,490)	\$ (1,347,635)
Adjust for items not involving cash:		
Depreciation	343	25,578
Accretion expense	13,426	14,891
Share-based compensation	87,475	78,288
Recognition of flow-through share premium	(9,727)	(87,917)
Unrealized foreign exchange gain	(110,660)	(102,141)
Gain on settlement of accounts payable and accrued liabilities	-	(13,440)
Gain on disposal of facilities and equipment	-	(2,477)
Change in non-cash working capital items:		
Receivables	(31,395)	(32,458)
Prepays and advances	(11,616)	145,487
Accounts payable and accrued liabilities	32,060	583,089
Net cash used in operating activities	(1,199,584)	(738,735)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Disposal of facilities and equipment	-	20,500
Payment for exploration and evaluation assets	-	(100,000)
Net cash used in investing activities	-	(79,500)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Share issue costs	(40,070)	-
Share subscriptions received in advance	-	96,279
Net cash provided by financing activities	(40,070)	96,279
Change in cash	(1,239,654)	(721,956)
Effect of foreign exchange on cash	(588)	2,331
<b>Cash, beginning of period</b>	<b>2,650,187</b>	<b>1,196,879</b>
<b>Cash, end of period</b>	<b>\$ 1,409,945</b>	<b>\$ 477,254</b>

**Supplemental cash flow information (Note 10)**

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)

MARCH 31, 2024

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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 previous reporting periods and subsequent to period end (Note 16), 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 have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to interim financial reports, including International Accounting Standard 34, Interim Financial Reporting. They do not include all the information and note disclosures required by IFRS for annual financial statements and, therefore, should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2023, 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 May 28, 2024.



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

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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:

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.

**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...)**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. Canadian dollars are represented by CAD \$.

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.

**3. MATERIAL 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, 2023, except as noted below.

**Changes to accounting policies**

The following amendments to existing standards have been adopted by the Company commencing January 1, 2024:

**KUYA SILVER CORPORATION**

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

(Expressed in US Dollars)

(Unaudited)

MARCH 31, 2024

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**3. MATERIAL ACCOUNTING POLICIES (cont'd...)**

**Changes to accounting policies (cont'd...)**

*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. The adoption of these amendments did not materially impact the condensed interim consolidated financial statements of the Company.

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

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

*IFRS 18, Presentation and Disclosure in Financial Statements*

IFRS 18 will replace IAS 1; many of the existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its operating profit or loss.

The Company is currently assessing the impact of this new accounting standard on its financial statements.

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

(Expressed in US Dollars)

(Unaudited)

MARCH 31, 2024

**4. FACILITIES AND EQUIPMENT**

	Facilities and leasehold improvements	Vehicles	Field equipment	Total
<b>COST</b>				
<b>December 31, 2022</b>	\$ 235,280	\$ 25,750	\$ 11,093	\$ 272,123
Disposals	-	(25,750)	-	(25,750)
Adjustment on currency translation	5,221	-	246	5,467
<b>December 31, 2023</b>	240,501	-	11,339	251,840
Adjustment on currency translation	(5,210)	-	(246)	(5,456)
<b>March 31, 2024</b>	<b>\$ 235,291</b>	<b>\$ -</b>	<b>\$ 11,093</b>	<b>\$ 246,384</b>
<b>ACCUMULATED DEPRECIATION</b>				
<b>December 31, 2022</b>	\$ 151,250	\$ 7,727	\$ 3,076	\$ 162,053
Disposals	-	(7,727)	-	(7,727)
Depreciation	84,301	-	1,371	85,672
Adjustment on currency translation	4,950	-	94	5,044
<b>December 31, 2023</b>	240,501	-	4,541	245,042
Depreciation	-	-	343	343
Adjustment on currency translation	(5,210)	-	(100)	(5,310)
<b>March 31, 2024</b>	<b>\$ 235,291</b>	<b>\$ -</b>	<b>\$ 4,784</b>	<b>\$ 240,075</b>
<b>NET BOOK VALUE</b>				
<b>December 31, 2023</b>	\$ -	\$ -	\$ 6,798	\$ 6,798
<b>March 31, 2024</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,309</b>	<b>\$ 6,309</b>

During the three months ended March 31, 2024, the Company disposed of vehicles for proceeds of \$nil (2023 - \$20,500). The resulting gain of \$nil (2023 - \$2,477) is included in operations and supplies in exploration and evaluation expenditures. Deprecation is included in operations and supplies in exploration and evaluation expenditures.

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

(Expressed in US Dollars)

(Unaudited)

MARCH 31, 2024

**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, 2022</b>	\$ 17,117,026	\$ 5,708,695	\$ 22,825,721
Issuance of common shares	-	1,057,491	1,057,491
Reclamation provision adjustment	-	(139,970)	(139,970)
Adjustment on currency translation	379,899	148,349	528,248
<b>December 31, 2023</b>	17,496,925	6,774,565	24,271,490
Adjustment on currency translation	(378,634)	(146,602)	(525,236)
<b>March 31, 2024</b>	<b>\$ 17,118,291</b>	<b>\$ 6,627,963</b>	<b>\$ 23,746,254</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 March 31, 2024, the Company has recorded a reclamation provision in the amount of \$50,152 (December 31, 2023 - \$51,811) 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, 2023 - 2%) and then discounted using current market-based pre-tax discount rate of 5% (December 31, 2023 - 5%).

Carmelitas

In fiscal 2021, subsequently amended in fiscal 2022, the Company entered into agreements to acquire mining concessions located in the district of Acobambilla, department of Huancavelica, Peru, west of Bethania, known as the Carmelitas concessions. The Company completed the acquisition for a total purchase price of \$952,500, which consisted of making cash payments totalling \$552,500 and issuing 1,084,490 common shares, valued at \$399,910. The final payment of \$100,000 was paid in fiscal 2023.

## KUYA SILVER CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

(Unaudited)

MARCH 31, 2024

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#### 5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

##### Bethania Silver Project, Peru (cont'd...)

###### 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 is located in the Cobalt district of northeastern Ontario, Canada. Historically the Company referred to groups of properties as different projects including the Kerr Project and Silver Kings Joint Venture, due to different ownership interests; however, all these claims 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.

As at March 31, 2024, the Company has recorded a reclamation provision in the amount of \$1,739,102 (December 31, 2023 - \$1,763,898) 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 2% (December 31, 2023 - 2%) and then discounted using current market-based pre-tax discount rate of 3.1% (December 31, 2023 - 3.1%). During the three months ended March 31, 2024, the Company recorded a change in estimate related to the reclamation provision of \$nil (year ended December 31, 2023 - \$139,970), which was recorded as decrease to exploration and evaluation assets. During the three months ended March 31, 2024, the Company recorded accretion related to the reclamation provision of \$13,426 (2023 - \$14,891), 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.

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

(Expressed in US Dollars)

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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...)

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. In fiscal 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. The Company granted a 2% royalty on net smelter returns from commercial production on the Remaining Assets.

In fiscal 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. These claims are collectively referred to as the Sunrise Claims.

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

(Expressed in US Dollars)

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

Exploration and evaluation expenditures for the three months ended March 31, 2024 are as follows:

<b>Project</b>	<b>Bethania Silver Project</b>	<b>Silver Kings Project</b>	<b>Total</b>
Civil works and engineering	\$ 19,492	\$ 17,001	\$ 36,493
Geology and drilling	-	5,314	5,314
Mine rehabilitation	258,733	-	258,733
Operations and supplies	23,350	10,295	33,645
Property maintenance, licences and rights	180	-	180
Safety and environment	3,184	885	4,069
Value-added tax	39,347	-	39,347
Wages and benefits	63,798	83,263	147,061
<b>Total</b>	<b>\$ 408,084</b>	<b>\$ 116,758</b>	<b>\$ 524,842</b>

Exploration and evaluation expenditures for three months ended March 31, 2023 are as follows:

<b>Project</b>	<b>Bethania Silver Project</b>	<b>Silver Kings Project</b>	<b>Total</b>
Civil works and engineering	\$ 19,233	\$ 103,302	\$ 122,535
Geology and drilling	15,053	412,148	427,201
Operations and supplies	66,071	32,657	98,728
Property maintenance, licences and rights	31,868	-	31,868
Safety and environment	15,315	2,656	17,971
Value-added tax	15,555	-	15,555
Wages and benefits	50,861	77,212	128,073
<b>Total</b>	<b>\$ 213,956</b>	<b>\$ 627,975</b>	<b>\$ 841,931</b>



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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>March</b>		<b>December</b>
	<b>31, 2024</b>		<b>31, 2023</b>
Accounts payable	\$ 841,239	\$	888,100
Accrued liabilities	17,895		57,136
	<b>\$ 859,134</b>	<b>\$</b>	<b>945,236</b>

**7. 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 March 31, 2024, the Company had not issued any preferred shares.

**Issued share capital**

During the year ended December 31, 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 transferable 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' 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%;
- 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 a 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' 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%;

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

- 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 transferable 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' 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) 15,169,716 units at a price of CAD \$0.25 per unit by way of a non-brokered private placement that closed in two tranches, for total proceeds of \$2,803,532 (CAD \$3,792,429). Each unit consisted of one common share and one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD \$0.37 per common share for a period of two years from the date of issue. The 15,169,716 warrants were valued at \$107,550, calculated using the residual value method. The Company paid a total of \$119,139 for finders' fees and issued 434,940 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 \$0.25 per common share for a period of two years from the date of issue. The finders' warrants were valued at \$30,535, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 4.14%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 93%;
- e) 1,608,000 units at a price of CAD \$0.28 per unit by way of a non-brokered private placement for total proceeds of \$340,781 (CAD \$450,240). 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 \$0.37 per common share for a period of two years from the date of issue. The flow-through shares were issued at a premium of \$42,598. The 804,000 warrants were valued at \$nil, calculated using the residual value method. The Company paid a total of \$20,447 for fees;
- f) 2,702,703 common shares, valued at \$627,594, pursuant to the amended Option on the Silver Kings Project (Note 5);
- g) 1,666,667 common shares, valued at \$429,897, pursuant to the Dispute on the Silver Kings Project (Note 5);
- h) 200 common shares, for proceeds of \$136, on the exercise of options;
- i) 405,405 common shares, valued at \$94,139, on settlement of CAD \$150,000, recorded in accounts payable and accrued liabilities, which resulted in a gain of \$13,440, recorded as a gain on settlement of accounts payable and accrued liabilities; and
- j) 150,000 common shares, valued at \$65,895, for settlement of vested RSUs.

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

During the three months ended March 31, 2024, the Company issued:

- a) 437,500 common shares, valued at \$130,677, for settlement of vested RSUs.

**Flow-through share premium**

The flow-through share premium consists of the excess of the subscription price of the flow-through shares 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, 2022</b>	\$ 118,269
Flow-through share premium additions	175,627
Recognition of flow-through share premium	(242,573)
Adjustment on currency translation	(2,831)
<b>Balance as at December 31, 2023</b>	48,492
Recognition of flow-through share premium	(9,727)
Adjustment on currency translation	(1,012)
<b>Balance as at March 31, 2024</b>	<b>\$ 37,753</b>

The flow-through share premium balance relates to the \$302,024 of remaining flow-through funds obligated to be incurred (Note 15).

**Share purchase warrants**

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, 2022</b>	14,005,188	\$	1.03
Issued	22,921,816		0.41
Expired	(2,871,325)		2.27
<b>Balance as at December 31, 2023 and March 31, 2024</b>	<b>34,055,679</b>	<b>\$</b>	<b>0.51</b>

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

As at March 31, 2024, 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	0.12	May 12, 2024 <sup>(1)</sup>
88,500	\$ 1.20	0.25	June 30, 2024
422,280	\$ 0.45	0.36	August 9, 2024
1,460,109	\$ 0.60	0.81	January 20, 2025
157,213	\$ 0.44	0.81	January 20, 2025
841,036	\$ 0.50	1.01	April 3, 2025
2,608,052	\$ 0.50	1.03	April 11, 2025
1,231,950	\$ 0.50	1.40	August 24, 2025
214,800	\$ 0.50	1.42	August 31, 2025
1,248,716	\$ 0.37	1.69	December 7, 2025
10,349,000	\$ 0.37	1.69	December 8, 2025
419,940	\$ 0.25	1.69	December 8, 2025
529,070	\$ 0.70	1.69	December 9, 2025
3,572,000	\$ 0.37	1.72	December 20, 2025
15,000	\$ 0.25	1.72	December 20, 2025
2,729,347	\$ 0.70	1.73	December 21, 2025
804,000	\$ 0.37	1.75	December 28, 2025
7,038,000	\$ 0.70	3.36	August 9, 2027
<b>34,055,679</b>			

<sup>(1)</sup> expired, unexercised subsequent to period end

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

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

	<b>Number of finder's units</b>		<b>Weighted average exercise price (in CAD)</b>
<b>Balance as at December 31, 2022</b>	13,395	\$	0.43
Expired	(13,395)		0.43
<b>Balance as at December 31, 2023 and March 31, 2024</b>	-	\$	-

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

During the three months ended March 31, 2024, the Company granted 812,500 (2023 - 550,000) stock options with a fair value of \$96,498 (2023 - \$94,603) using the Black-Scholes option pricing model assuming a life expectancy of 5 years (2023 - 5 years), a risk-free interest rate of 3.48% (2023 - 2.88%), a forfeiture rate of nil (2023 - nil), and volatility of 89% (2023 - 87%).

During the three months ended March 31, 2024, the Company expensed \$59,248 (2023 - \$49,188) for the fair value of options, which was recorded in share-based compensation.

During the three months ended March 31, 2024, 62,500 (2023 - 181,667) incentive stock options were forfeited or expired; accordingly, the \$22,817 (2023 - \$105,799) fair value associated with the options 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, 2022</b>	2,286,667	\$	1.33
Granted	800,000		0.39
Exercised	(200)		0.90
Forfeited / expired	(476,667)		2.21
<b>Balance as at December 31, 2023</b>	2,609,800		0.88
Granted	812,500		0.25
Forfeited / expired	(62,500)		4.15
<b>Balance as at March 31, 2024</b>	<b>3,359,800</b>	<b>\$</b>	<b>0.66</b>
<b>Exercisable as at March 31, 2024</b>	<b>2,384,800</b>	<b>\$</b>	<b>0.80</b>

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

As at March 31, 2024, 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>
769,800	769,800	\$ 0.90	1.50	October 1, 2025
45,000	45,000	\$ 1.55	2.23	June 24, 2026
180,000	180,000	\$ 1.90	2.23	June 24, 2026
502,500	502,500	\$ 0.94	2.84	January 31, 2027
250,000	166,667	\$ 0.57	3.39	August 19, 2027
550,000	366,667	\$ 0.34	3.82	January 25, 2028
250,000	83,333	\$ 0.48	4.34	July 31, 2028
812,500	270,833	\$ 0.25	4.85	February 2, 2029
<b>3,359,800</b>	<b>2,384,800</b>			

**Restricted share units and performance share units**

During the three months ended March 31, 2024, the Company granted 812,500 (2023 - 650,000) RSUs with a fair value of \$138,549 (2023 - \$162,585), which vest over a period of up to two years.

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 March 31, 2024, the Company had not granted any PSUs.

During the three months ended March 31, 2024, the Company expensed \$28,227 (2023 - \$29,100) for the fair value of RSUs, which was recorded in share-based compensation.

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**8. 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, 2022</b>	275,000
Granted	650,000
Cancelled	(12,500)
Settled	(150,000)
<b>Balance as at December 31, 2023</b>	762,500
Granted	812,500
Settled	(437,500)
<b>Balance as at March 31, 2024</b>	<b>1,137,500</b>

**9. 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>Three months ended March 31, 2024</b>	<b>Three months ended March 31, 2023</b>
Directors' fees	\$ 24,095	\$ 24,028
Professional fees	15,988	28,833
Share-based compensation	58,964	66,012
Wages and benefits	105,694	105,572
	<b>\$ 204,741</b>	<b>\$ 224,445</b>

During the three months ended March 31, 2024, administrative and exploration and evaluation expenditures of \$19,225 (March 31, 2023 - \$26,065) were paid or accrued to a related entity, which provides engineering and subcontractor services for the Bethania Silver Project. As at March 31, 2024, included in accounts payable and accrued liabilities was \$4,733 (December 31, 2023 - \$nil) owing to this entity.

As at March 31, 2024, included in accounts payable and accrued liabilities was \$15,188 (December 31, 2023 - \$31,049) owing to officers and directors.



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**10. SUPPLEMENTAL CASH FLOW INFORMATION**

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

		<b>Three months ended March 31, 2024</b>		<b>Three months ended March 31, 2023</b>
Shares issued on acquisition of exploration and evaluation assets	\$	-	\$	1,057,491
Shares issued for settlement of accounts payable and accrued liabilities	\$	-	\$	94,139
Shares issued for settlement of RSUs	\$	130,677	\$	65,895
Reclassification of reserves to deficit on expiry of options	\$	22,817	\$	105,799

**11. 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:

	<b>Canada</b>		<b>Peru</b>		<b>Total</b>
<b>As at March 31, 2024</b>					
Exploration and evaluation assets	\$	6,627,963	\$	17,118,291	\$ 23,746,254
Other assets		1,448,818		358,185	1,807,003
<b>Total assets</b>	<b>\$</b>	<b>8,076,781</b>	<b>\$</b>	<b>17,476,476</b>	<b>\$ 25,553,257</b>
<b>For the three months ended March 31, 2024</b>					
Loss	\$	(587,029)	\$	(582,461)	\$ (1,169,490)

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**11. SEGMENTED INFORMATION (cont'd...)**

	Canada		Peru		Total
As at December 31, 2023					
Exploration and evaluation assets	\$ 6,774,565	\$	17,496,925	\$	24,271,490
Other assets	2,886,689		125,892		3,012,581
<b>Total assets</b>	<b>\$ 9,661,254</b>	<b>\$</b>	<b>17,622,817</b>	<b>\$</b>	<b>27,284,071</b>
For the three months ended March 31, 2023					
Loss	\$ (940,517)	\$	(407,118)	\$	(1,347,635)

**12. 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 March 31, 2024, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to its liquid financial assets, being cash and receivables. The Company's primary bank accounts are held with a major Canadian bank and funds are transferred to the subsidiary's foreign bank accounts as required to cover current expenditures, minimizing the risk to the Company. Receivables are primarily due from a government agency.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. Additional funds are required to continue current operations for the upcoming twelve months (Note 1).

**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:

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**12. FINANCIAL INSTRUMENT RISKS (cont'd...)****Market risk (cont'd...)**Foreign currency exchange risk

This risk relates to any changes in foreign currencies in which the Company transacts. The Company incurs costs for goods and services denominated in currencies other than the presentation currency and is subject to foreign currency risk on assets and liabilities denominated in currencies other than the United States dollar. The effect of a 10% change in the foreign exchange rate on monetary balances held in United States dollar and Peruvian soles accounts would be approximately \$41,000 recorded in profit or loss for the three months ended March 31, 2024. The effect of a 10% change in the foreign exchange rate on monetary balances held in CAD \$ and Peruvian soles accounts would be approximately \$172,000 recorded in other comprehensive income or loss for the three months ended March 31, 2024.

Interest rate risk

This risk relates to the change in the borrowing rates affecting the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% increase or decrease in the interest rates would have a nominal impact in interest income for the three months ended March 31, 2024.

Price risk

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

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

**13. 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.

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**13. FAIR VALUE HIERARCHY (cont'd...)**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.

**14. 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 three months ended March 31, 2024.

**15. COMMITMENTS AND CONTINGENCIES****Commitments**

In fiscal 2023, the Company raised flow-through funds (Note 7) and agreed to use its commercially reasonable best efforts to incur qualifying exploration expenditures by December 31, 2024. As at March 31, 2024, the Company was obligated to incur \$302,024 (CAD \$408,932) in qualifying exploration expenditures.

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**15. COMMITMENTS AND CONTINGENCIES (cont'd...)****Contingencies**

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

As at March 31, 2024, the Company has the following contingencies:

MTP withheld an accrued payment of \$140,000 due to Compañía Minera San Valentín S.A.C. ("San 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 to the courts towards the settlement. There is currently \$46,403 included in accounts payable and accrued liabilities as at March 31, 2024 with respect to San Valentín for penalties, interest and legal fees.

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

**16. SUBSEQUENT EVENTS**

Subsequent to March 31, 2024, the Company:

- a) issued 248,432 common shares, for proceeds of CAD \$89,708 (\$65,381), on the exercise of warrants; and
- b) issued 5,266,324 units at a price of CAD \$0.25 per unit by way of a non-brokered private placement for total proceeds of CAD \$1,316,581. Each unit consisted of one common share and one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD \$0.37 per common share for a period of two years from the date of issue.