



**KUYA SILVER CORPORATION**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 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>September 30, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,970,724	\$ 2,650,187
Receivables	191,234	206,138
Prepays and advances	202,034	149,458
	<u>2,363,992</u>	<u>3,005,783</u>
<b>Facilities and equipment</b> (Note 4)	103,475	6,798
<b>Exploration and evaluation assets</b> (Note 5)	23,790,005	24,271,490
	<u>\$ 26,257,472</u>	<u>\$ 27,284,071</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Notes 6 and 9)	\$ 1,443,589	\$ 945,236
Flow-through share premium (Note 7)	356,453	48,492
	<u>1,800,042</u>	<u>993,728</u>
<b>Reclamation provision</b> (Note 5)	1,819,357	1,815,709
	<u>3,619,399</u>	<u>2,809,437</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	47,187,574	44,177,779
Reserves (Notes 7 and 8)	805,990	1,507,806
Deficit	(25,355,491)	(21,210,951)
	<u>22,638,073</u>	<u>24,474,634</u>
	<u>\$ 26,257,472</u>	<u>\$ 27,284,071</u>

**Nature of operations and going concern** (Note 1)**Commitments and contingencies** (Note 15)**Subsequent events** (Notes 15 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)

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
<b>Property expenses</b>				
Exploration and evaluation expenditures (Notes 5 and 10)	\$ 1,140,777	\$ 301,766	\$ 2,572,378	\$ 1,567,219
	(1,140,777)	(301,766)	(2,572,378)	(1,567,219)
<b>Administrative expenses</b>				
Administrative costs	27,597	10,062	80,809	30,096
Consulting fees (Note 10)	-	7,431	4,135	7,431
Directors' fees (Note 10)	24,707	25,146	74,373	75,214
Filing fees	7,960	7,899	23,582	24,908
Management fees	15,396	15,652	46,310	46,816
Marketing and investor relations	76,231	47,961	235,171	115,772
Office and miscellaneous	62,330	67,631	164,625	261,951
Professional fees (Note 10)	55,078	50,624	201,733	173,927
Share-based compensation (Notes 8 and 10)	84,568	86,096	236,245	240,000
Shareholder communication	535	1,921	7,201	8,432
Transfer agent	796	6,539	8,503	12,357
Travel	41,724	62,201	185,204	112,578
Wages and benefits (Note 10)	152,080	152,051	466,639	538,582
	(549,002)	(541,214)	(1,734,530)	(1,648,064)
<b>Operating loss</b>	<b>(1,689,779)</b>	<b>(842,980)</b>	<b>(4,306,908)</b>	<b>(3,215,283)</b>
Accretion expense (Note 5)	(13,277)	(15,012)	(39,935)	(44,903)
Foreign exchange gain (loss)	1,323	(75,739)	1,748	(58,507)
Gain on settlement of accounts payable and accrued liabilities (Note 7)	-	-	-	13,440
Interest income	23,611	-	23,611	-
Recognition of flow-through share premium (Note 7)	127,855	23,377	152,556	142,205
	139,512	(67,374)	137,980	52,235
<b>Loss for the period</b>	<b>(1,550,267)</b>	<b>(910,354)</b>	<b>(4,168,928)</b>	<b>(3,163,048)</b>
<b>Other comprehensive income (loss)</b>				
<b>Item that may be reclassified subsequently to profit and loss</b>				
Foreign currency translation adjustment	271,262	(89,966)	(478,263)	(73,980)
<b>Comprehensive loss for the period</b>	<b>\$ (1,279,005)</b>	<b>\$ (1,000,320)</b>	<b>\$ (4,647,191)</b>	<b>\$ (3,237,028)</b>
<b>Loss per common share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>	<b>\$ (0.05)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>104,521,509</b>	<b>73,855,025</b>	<b>98,933,308</b>	<b>68,292,142</b>

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

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

(Expressed in US Dollars)

(Unaudited)

	Share Capital		Share-based reserves	Foreign currency translation reserves	Deficit	Total
	Number of shares	Amount				
<b>December 31, 2022</b>	58,831,801	\$ 37,200,411	\$ 2,212,430	\$ (992,917)	\$ (16,995,363)	\$ 21,424,561
Issuance of units for cash	12,388,407	2,838,967	30,781	-	-	2,869,748
Flow-through share premium	-	(133,029)	-	-	-	(133,029)
Share issue costs	-	(129,038)	44,142	-	-	(84,896)
Issuance of common shares on acquisition of exploration and evaluation assets	4,369,370	1,057,491	-	-	-	1,057,491
Issuance of common shares on exercise of options	200	250	(114)	-	-	136
Issuance of common shares on settlement of accounts payable and accrued liabilities	405,405	94,139	-	-	-	94,139
Issuance of common shares on settlement of restricted share units	150,000	65,895	(65,895)	-	-	-
Options forfeited or expired	-	-	(269,307)	-	269,307	-
Warrants expired	-	357,245	(409,257)	-	52,012	-
Share-based compensation	-	-	240,000	-	-	240,000
Foreign currency translation	-	-	-	(73,980)	-	(73,980)
Loss for the period	-	-	-	-	(3,163,048)	(3,163,048)
<b>September 30, 2023</b>	76,145,183	41,352,331	1,782,780	(1,066,897)	(19,837,092)	22,231,122
Issuance of units for cash	16,777,716	3,036,763	107,550	-	-	3,144,313
Flow-through share premium	-	(42,598)	-	-	-	(42,598)
Share issue costs	-	(170,121)	30,535	-	-	(139,586)
Warrants expired	-	1,404	(1,404)	-	-	-
Share-based compensation	-	-	76,925	-	-	76,925
Foreign currency translation	-	-	-	578,317	-	578,317
Loss for the period	-	-	-	-	(1,373,859)	(1,373,859)
<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						
	Number of shares	Amount	Share-based reserves	Foreign currency translation reserves	Deficit	Total	
<b>December 31, 2023</b>	92,922,899	\$ 44,177,779	\$ 1,996,386	\$ (488,580)	\$ (21,210,951)	\$ 24,474,634	
Issuance of units for cash (Note 7)	10,474,991	2,785,306	-	-	-	2,785,306	
Flow-through share premium (Note 7)	-	(455,934)	-	-	-	(455,934)	
Share issue costs (Note 7)	-	(95,745)	-	-	-	(95,745)	
Issuance of common shares for share issue costs (Note 7)	267,907	70,353	-	-	-	70,353	
Issuance of common shares on settlement of restricted share units (Notes 7 and 8)	437,500	130,677	(130,677)	-	-	-	
Issuance of common shares on exercise of warrants (Note 7)	998,432	278,952	(8,547)	-	-	270,405	
Options forfeited or expired (Note 8)	-	-	(22,817)	-	22,817	-	
Warrants expired (Note 7)	-	296,186	(297,757)	-	1,571	-	
Share-based compensation (Note 8)	-	-	236,245	-	-	236,245	
Foreign currency translation	-	-	-	(478,263)	-	(478,263)	
Loss for the period	-	-	-	-	(4,168,928)	(4,168,928)	
<b>September 30, 2024</b>	105,101,729	\$ 47,187,574	\$ 1,772,833	\$ (966,843)	\$ (25,355,491)	\$ 22,638,073	

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

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

(Expressed in US Dollars)

(Unaudited)

	<b>Nine months ended September 30, 2024</b>	<b>Nine months ended September 30, 2023</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Loss for the period	\$ (4,168,928)	\$ (3,163,048)
Adjust for items not involving cash:		
Depreciation	1,020	77,127
Accretion expense	39,935	44,903
Share-based compensation	236,245	240,000
Recognition of flow-through share premium	(152,556)	(142,205)
Unrealized foreign exchange (gain)	(77,129)	(111,662)
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	10,745	7,185
Prepays and advances	(55,176)	127,723
Accounts payable and accrued liabilities	592,800	(15,515)
Net cash used in operating activities	(3,573,044)	(2,951,409)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Additions to facilities and equipment	(96,637)	-
Disposal of facilities and equipment	-	20,500
Payment for exploration and evaluation assets	-	(100,000)
Net cash used in investing activities	(96,637)	(79,500)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	3,055,711	2,869,884
Share issue costs	(65,462)	(84,896)
Net cash provided by financing activities	2,990,249	2,784,988
Change in cash	(679,432)	(245,921)
Effect of foreign exchange on cash	(31)	167
<b>Cash, beginning of period</b>	<b>2,650,187</b>	<b>1,196,879</b>
<b>Cash, end of period</b>	<b>\$ 1,970,724</b>	<b>\$ 951,125</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)

SEPTEMBER 30, 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. During the nine months ended September 30, 2024, the Company started working on moving the Bethania Silver Project towards development. However, as at September 30, 2024, the Company does not yet consider the project to be in development, as contemplated under IFRS Accounting Standards (“IFRS”).

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 and current reporting periods, through private placements of its common shares and exercise of warrants, 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 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 November 25, 2024.



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

(Expressed in US Dollars)

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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 exploration and evaluation asset 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 exploration and evaluation assets.

**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)

SEPTEMBER 30, 2024

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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.

**Construction in progress**

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

**KUYA SILVER CORPORATION**

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

(Expressed in US Dollars)

(Unaudited)

SEPTEMBER 30, 2024

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

**Changes to accounting policies**

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

*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*

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

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

(Expressed in US Dollars)

(Unaudited)

SEPTEMBER 30, 2024

**4. FACILITIES AND EQUIPMENT**

	Construction in progress	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
Additions	96,637	-	-	-	96,637
Adjustment on currency translation	1,201	(4,774)	-	(225)	(3,798)
<b>September 30, 2024</b>	\$ <b>97,838</b>	\$ <b>235,727</b>	\$ -	\$ <b>11,114</b>	\$ <b>344,679</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	-	-	-	1,020	1,020
Adjustment on currency translation	-	(4,774)	-	(84)	(4,858)
<b>September 30, 2024</b>	\$ -	\$ <b>235,727</b>	\$ -	\$ <b>5,477</b>	\$ <b>241,204</b>
<b>NET BOOK VALUE</b>					
<b>December 31, 2023</b>	\$ -	\$ -	\$ -	\$ 6,798	\$ 6,798
<b>September 30, 2024</b>	\$ <b>97,838</b>	\$ -	\$ -	\$ <b>5,637</b>	\$ <b>103,475</b>

Construction in progress expenditures during the nine months ended September 30, 2024 are related to capital costs incurred in connection with constructing a building for explosives at Bethania (Note 5). No depreciation is recorded on assets under construction. During the nine months ended September 30, 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. Depreciation of facilities and equipment is included in operations and supplies in exploration and evaluation expenditures.

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**5. EXPLORATION AND EVALUATION ASSETS**

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

Project	Bethania Silver Project	Silver Kings Project	Total
<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	(347,095)	(134,390)	(481,485)
<b>September 30, 2024</b>	<b>\$ 17,149,830</b>	<b>\$ 6,640,175</b>	<b>\$ 23,790,005</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 Minera Toro del Plata S.A.C. ("MTP"), whose principal asset is its interest in Bethania.

As at September 30, 2024, the Company has recorded a reclamation provision in the amount of \$50,252 (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)

SEPTEMBER 30, 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 September 30, 2024, the Company has recorded a reclamation provision in the amount of \$1,769,105 (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 nine months ended September 30, 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 nine months ended September 30, 2024, the Company recorded accretion related to the reclamation provision of \$39,935 (2023 - \$44,903), 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.

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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 to Electra.

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

Starting in fiscal 2021, 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.

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

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

<b>Project</b>	<b>Bethania Silver Project</b>	<b>Silver Kings Project</b>	<b>Total</b>
Civil works and engineering	\$ 55,431	\$ 93,532	\$ 148,963
Geology and drilling	-	378,356	378,356
Mine rehabilitation	1,129,707	-	1,129,707
Operations and supplies	100,284	96,391	196,675
Property maintenance, licences and rights	14,024	12,254	26,278
Safety and environment	3,789	18,377	22,166
Value-added tax	166,849	-	166,849
Wages and benefits	254,193	249,191	503,384
<b>Total</b>	<b>\$ 1,724,277</b>	<b>\$ 848,101</b>	<b>\$ 2,572,378</b>

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

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



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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Accounts payable	\$ 1,367,162	\$ 888,100
Accrued liabilities	76,427	57,136
	<b>\$ 1,443,589</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 September 30, 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) 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 restricted share units ("RSUs").

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

During the nine months ended September 30, 2024, the Company issued:

- a) 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 \$961,570 (CAD \$1,316,581). Each unit consisted of one common share and one transferable common share purchase warrant. Each 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 5,266,324 warrants were valued at \$nil, calculated using the residual value method;
- b) 5,208,667 units at a price of CAD \$0.48 per unit by way of a non-brokered private placement for total proceeds of \$1,823,736 (CAD \$2,500,160). Each unit consisted of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant entitles the holder to acquire one non-flow-through common share at a price of CAD \$0.64 per common share for a period of two years from the date of issue. The flow-through shares were issued at a premium of \$455,934. The 2,604,333 warrants were valued at \$nil, using the residual value method. The Company paid a total of \$25,392 for finders' fees and issued 267,907 non-flow-through common shares to a finder in connection with this private placement. The finder's common shares were valued at \$70,353;
- c) 998,432 common shares, for proceeds of \$270,405, on the exercise of warrants; and
- d) 437,500 common shares, valued at \$130,677, for settlement of vested RSUs (Note 8).

**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
Flow-through share premium additions	455,934
Recognition of flow-through share premium	(152,556)
Adjustment on currency translation	4,583
<b>Balance as at September 30, 2024</b>	<b>\$ 356,453</b>

As at September 30, 2024, the flow-through share premium balance relates to the CAD \$1,926,958 (\$1,425,813) of remaining flow-through funds obligated to be incurred (Note 15).

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

During the nine months ended September 30, 2024, 998,432 (2023 - nil) share purchase warrants were exercised; accordingly, the \$8,547 (2023 - \$nil) fair value associated with the warrants exercised was reclassified from reserves to share capital.

During the nine months ended September 30, 2024, 837,446 (2023 - 2,871,325) share purchase warrants expired unexercised; accordingly, the \$297,757 (2023 - \$409,257) issue-date fair value associated with the warrants was reclassified as follows: \$296,186 (2023 - \$357,245) was reclassified from reserves to share capital for warrants associated with private placements; and \$1,571 (2023 - \$52,012) was reclassified from reserves to deficit for warrants associated with settlement of debt (2023 - loans payable).

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

	<b>Number of warrants</b>		<b>Weighted average exercise price (in CAD)</b>
<b>Balance as at December 31, 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</b>	<b>34,055,679</b>		<b>0.51</b>
Issued	7,870,657		0.46
Exercised	(998,432)		0.37
Expired	(837,446)		0.59
<b>Balance as at September 30, 2024</b>	<b>40,090,458</b>	<b>\$</b>	<b>0.49</b>

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

As at September 30, 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>
1,460,109	\$ 0.60	0.31	January 20, 2025
157,213	\$ 0.44	0.31	January 20, 2025
841,036	\$ 0.50	0.51	April 3, 2025
2,608,052	\$ 0.50	0.53	April 11, 2025
1,231,950	\$ 0.50	0.90	August 24, 2025
214,800	\$ 0.50	0.92	August 31, 2025
1,248,716	\$ 0.37	1.19	December 7, 2025
9,569,000	\$ 0.37	1.19	December 8, 2025
416,508	\$ 0.25	1.19	December 8, 2025
529,070	\$ 0.70	1.19	December 9, 2025
3,372,000	\$ 0.37	1.22	December 20, 2025
2,729,347	\$ 0.70	1.22	December 21, 2025
804,000	\$ 0.37	1.24	December 28, 2025
5,266,324	\$ 0.37	1.53	April 11, 2026
2,604,333	\$ 0.64	1.72	June 19, 2026
7,038,000	\$ 0.70	2.86	August 9, 2027
40,090,458			

**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 September 30, 2024</b>	-	\$ -

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### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## 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 performance share units ("PSUs"). The purpose of the Plan is to attract, retain and motivate directors, officers, employees and external service providers by providing them with the opportunity to acquire a proprietary interest in the Company. The options are equity-settled awards, while the RSUs and PSUs can be cash-settled or equity-settled awards as determined by the Company's Board or a committee thereof ("Committee"), at the time of grant. The maximum number of common shares that may be issued pursuant to 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.

During the nine months ended September 30, 2024, the Company granted 1,152,500 (2023 - 800,000) stock options with a fair value of \$160,450 (2023 - \$158,090) using the Black-Scholes option pricing model assuming a life expectancy of 5 years (2023 - 5 years), a risk-free interest rate of 3.35% (2023 - 3.20%), a forfeiture rate of nil (2023 - nil), and volatility of 89% (2023 - 89%).

During the nine months ended September 30, 2024, the Company expensed \$131,762 (2023 - \$129,543) for the fair value of options, which was recorded in share-based compensation.

During the nine months ended September 30, 2024, nil (2023 - 200) incentive stock options were exercised; accordingly, the \$nil (2023 - \$114) fair value associated with the options exercised was reclassified from reserves to share capital.

During the nine months ended September 30, 2024, 62,500 (2023 - 476,667) incentive stock options were forfeited or expired; accordingly, the \$22,817 (2023 - \$269,307) fair value associated with the options was reclassified from reserves to deficit.

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

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	1,152,500		0.29
Forfeited / expired	(62,500)		4.15
<b>Balance as at September 30, 2024</b>	<b>3,699,800</b>	<b>\$</b>	<b>0.64</b>
<b>Exercisable as at September 30, 2024</b>	<b>2,664,800</b>	<b>\$</b>	<b>0.76</b>

As at September 30, 2024, the Company had outstanding options enabling the holder to acquire common shares as follows:

Number of options	Number of exercisable options	Exercise price (in CAD)	Weighted average remaining life (years)	Expiry date
769,800	769,800	\$ 0.90	1.00	October 1, 2025
45,000	45,000	\$ 1.55	1.73	June 24, 2026
180,000	180,000	\$ 1.90	1.73	June 24, 2026
502,500	502,500	\$ 0.94	2.34	January 31, 2027
250,000	250,000	\$ 0.57	2.88	August 19, 2027
550,000	366,667	\$ 0.34	3.32	January 25, 2028
250,000	166,667	\$ 0.48	3.84	July 31, 2028
812,500	270,833	\$ 0.25	4.35	February 2, 2029
340,000	113,333	\$ 0.38	4.92	August 30, 2029
<b>3,699,800</b>	<b>2,664,800</b>			

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

During the nine months ended September 30, 2024, the Company granted 812,500 (2023 - 650,000) RSUs with a fair value of \$138,549 (2023 - \$162,585), which vest in three equal tranches, commencing on the grant date, over a two year period.

The Plan also provides the Company with the ability to grant PSUs. The vesting requirements for PSUs are based on certain performance criteria over the vesting period established by the Committee. The number of PSUs that vest is determined by multiplying the number of PSUs granted by an adjustment factor, which ranges from 0% to 200%, based on performance results. As at September 30, 2024, the Company had not granted any PSUs.

During the nine months ended September 30, 2024, the Company expensed \$104,483 (2023 - \$110,457) for the fair value of RSUs, which was recorded in share-based compensation.

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 September 30, 2024</b>	<b>1,137,500</b>



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**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>Nine months ended September 30, 2024</b>	<b>Nine months ended September 30, 2023</b>
Directors' fees	\$ 71,670	\$ 72,453
Professional fees	52,251	70,364
Share-based compensation	182,391	210,075
Wages and benefits	318,558	319,455
	<b>\$ 624,870</b>	<b>\$ 672,347</b>

During the nine months ended September 30, 2024, administrative and exploration and evaluation expenditures of \$57,674 (September 30, 2023 - \$86,817) were paid or accrued to a related entity, which provides engineering and subcontractor services for the Bethania Silver Project. As at September 30, 2024, included in accounts payable and accrued liabilities was \$7,562 (December 31, 2023 - \$nil) owing to this entity.

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

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**10. SUPPLEMENTAL CASH FLOW INFORMATION**

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

	<b>Nine months ended September 30, 2024</b>		<b>Nine months ended September 30, 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 share issue costs	\$	70,353	\$	-
Finders' warrants issued for share issue costs	\$	-	\$	44,142
Flow-through share premium	\$	455,934	\$	133,029
Reclassification of reserves to share capital on exercise of options	\$	-	\$	114
Reclassification of reserves to share capital on exercise of warrants	\$	8,547	\$	-
Shares issued for settlement of RSUs	\$	130,677	\$	65,895
Reclassification of reserves to deficit on expiry of options	\$	22,817	\$	269,307
Reclassification of reserves to share capital on expiry of warrants	\$	296,186	\$	357,245
Reclassification of reserves to deficit on expiry of warrants	\$	1,571	\$	52,012
Residual value of warrants issued in private placement	\$	-	\$	30,781

**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>	
As at September 30, 2024						
Exploration and evaluation assets	\$	6,640,175	\$	17,149,830	\$	23,790,005
Other assets		2,204,584		262,883		2,467,467
<b>Total assets</b>	<b>\$</b>	<b>8,844,759</b>	<b>\$</b>	<b>17,412,713</b>	<b>\$</b>	<b>26,257,472</b>

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

For the three months ended September 30, 2024

Loss	\$	(866,287)	\$	(683,980)	\$	(1,550,267)
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For the nine months ended September 30, 2024

Loss	\$	(2,028,022)	\$	(2,140,906)	\$	(4,168,928)
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	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
Total assets	\$	9,661,254	\$	17,622,817	\$	27,284,071

For the three months ended September 30, 2023

Loss	\$	(641,073)	\$	(269,281)	\$	(910,354)
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For the nine months ended September 30, 2023

Loss	\$	(2,052,749)	\$	(1,110,299)	\$	(3,163,048)
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**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 September 30, 2024, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to its liquid financial assets, being cash and receivables. The Company's primary bank accounts are held with 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).

## KUYA SILVER CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

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## 12. FINANCIAL INSTRUMENT RISKS (cont'd...)

### 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 \$67,000 recorded in profit or loss for the nine months ended September 30, 2024. The effect of a 10% change in the foreign exchange rate on monetary balances held in CAD \$ and Peruvian soles accounts would be approximately \$193,000 recorded in other comprehensive income or loss for the nine months ended September 30, 2024.

#### Interest rate risk

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

#### Price risk

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

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

## 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.

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

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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 nine months ended September 30, 2024.

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

During the nine months ended September 30, 2024, the Company raised flow-through funds (Note 7) and agreed to use its commercially reasonable best efforts to incur qualifying exploration expenditures in Canada by December 31, 2025. As at September 30, 2024, the Company was obligated to incur CAD \$1,926,958 (\$1,425,813) in qualifying exploration expenditures.

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

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

MTP withheld an accrued payment of \$140,000 due to Compañía Minera San Valentín S.A.C. ("San 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. San Valentín has not yet agreed to the settlement and has not collected the funds from the courts. There is currently \$46,403 included in accounts payable and accrued liabilities as at September 30, 2024 with respect to San Valentín for penalties, interest and legal fees. Subsequent to September 30, 2024, San Valentín filed a submission with the courts, claiming approximately \$280,000 plus interest and legal costs from the Company, in connection with the original arbitration order.

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

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**16. SUBSEQUENT EVENTS**

Subsequent to September 30, 2024, the Company issued:

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