KUYA SILVER CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED DECEMBER 31, 2020

(Expressed in US Dollars)

Report Date – April 29, 2021

The following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and the financial condition of Kuya Silver Corporation (the "Company") for the year ended December 31, 2020. This MD&A should be read in conjunction with the Company's audited annual consolidated financial statements and related notes thereto for the year ended December 31, 2020. All amounts disclosed in this MD&A are expressed in US dollars, unless otherwise noted. Canadian dollars are represented by CAD $.

Management's Responsibility

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

Forward-Looking Statements

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Except for statements of historical fact, this MD&A contains certain "forward-looking information" which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such statements use such words as "will", "may", "could", "intends", "potential", "plans", "believes", "expects", "projects", "estimates", "anticipates", "continue", "potential", "predicts" or "should" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this MD&A. Forward-looking statements include, among others, statements with respect to the Company's expected future losses and accumulated deficit levels; the requirement for, and the Company's ability to obtain future funding on favourable terms or at all; the Company's dependence on management; the Company's plans in respect of development and operations; the Company's risks associated with economic conditions; and the Company's conflicts of interest.

Forward-Looking Statements (cont'd…)

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended including, but not limited to, the factors discussed under the heading "Risk and Uncertainties". Although the forward-looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives and may not be appropriate for other purposes. These forward-looking statements are made as of the date of this MD&A. A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to the extent of future losses; the ability to obtain the capital required to fund development and operations; the ability to capitalize on changes to the marketplace; the ability to comply with applicable governmental regulations and standards; the ability to attract and retain skilled and experienced personnel; the impact of changes in the business strategies and development priorities of strategic partners; stock market volatility; and other risks detailed from time-to-time in the Company's ongoing quarterly and annual filings with applicable securities regulators under the Company's SEDAR profile at www.sedar.com, and those which are discussed under the heading "Risks Factors". Readers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive.

Each of the forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company expressly disclaims any obligation or responsibility to update the forward-looking statements in this MD&A except as otherwise required by applicable law.

Overview

Kuya Silver Corporation (the "Company") is a mineral exploration company with a focus on acquiring, exploring and advancing exploration and evaluation assets in Peru and Canada. Effective October 1, 2020, Kuya Silver Corp. ("Kuya"), a privately held Canadian-based, silver-focused junior mining company, incorporated on August 9, 2017, completed a reverse takeover ("RTO") transaction with Miramont Resources Corp. ("Miramont"). Miramont was incorporated on July 15, 2015 under the Business Corporations Act (British Columbia). As part of the RTO, Miramont consolidated its share capital on a 10:1 basis effective October 1, 2020. All share and per share amounts of Miramont and the Company in this MD&A reflect the 10:1 consolidation. On completion of the RTO transaction, Miramont changed its name to Kuya Silver Corporation.

The Company's head office and principal address is located at 401 - 217 Queen Street West, Toronto, ON, M5V 0R2. 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 (formerly MONT).

On February 20, 2020, the Company issued 464,583 common shares of Kuya at a price of $1.20 per share by way of a non-brokered private placement, for total proceeds of $557,500.

On September 30, 2020, the Company issued 7,477,620 common shares of Kuya at a price of CAD $1.65 per share by way of a brokered and a non-brokered private placement, for total proceeds of $9,249,853. Share issue costs of $678,044 were incurred in connection with this financing.

On October 1, 2020, the Company completed the various matters contemplated in the previously announced definitive agreement with Kuya whereby the Company agreed to acquire all of the issued and outstanding shares of Kuya and, accordingly, issued 26,763,410 common shares of the Company in exchange for all of the issued and outstanding shares of Kuya. The former shareholders of Kuya obtained control of Miramont and, as such, this transaction is considered a purchase of Miramont by Kuya, and has been accounted for as an RTO.

On December 15, 2020, the Company issued 3,929,288 common shares of the Company pursuant to the acquisition of S&L Andes Export S.A.C. ("S&L Andes") (refer discussion in "Exploration and Evaluation Assets" below).

In fiscal 2020, the Company issued 1,632,076 common shares of the Company, for proceeds of $816, on the exercise of performance warrants.

The Company continues to review high-quality silver-dominated resource opportunities with near-term production potential.

Reverse Takeover Transaction

On June 10, 2020, Miramont, Kuya, and 2757974 Ontario Inc. ("2757974") entered into an amalgamation agreement (the "Amalgamation Agreement"). Pursuant to the Amalgamation Agreement, Miramont agreed to consolidate its share capital on a 10:1 basis and acquire all of the issued and outstanding common shares of Kuya in exchange for post-consolidation common shares of Miramont (the "Transaction"). Kuya was a privately held, Canadian based company engaged in the business of mineral exploration and development and had entered into an agreement to acquire an 80% interest in S&L Andes, the company that holds the Bethania Silver property in Peru. 2757974 was a wholly owned subsidiary of Miramont, formed solely for the purpose of facilitating the Transaction. Upon closing of the Transaction, 2757974 and Kuya amalgamated to become Kuya Silver Inc. Under the terms of the Amalgamation Agreement, Miramont and Kuya entered into the Transaction pursuant to Ontario corporate law whereby Miramont would acquire all of the issued and outstanding securities of Kuya for consideration of the issuance of 1.835 Miramont post-consolidation common shares for each Kuya share issued and outstanding (the "Exchange Ratio"). The outstanding securities of Kuya included warrants and other obligations to issue shares of Kuya, which were adjusted by the Exchange Ratio to become warrants and other obligations to issue post-consolidation common shares of the Company. Outstanding post-consolidation Miramont warrants and options for option holders continuing with the Company retain their existing terms, while outstanding post-consolidation Miramont options for option holders not continuing with the Company vested on closing and the expiry dates were revised to be the earlier of their original expiry dates and one year from closing.

On October 1, 2020, Miramont issued 26,763,410 post-consolidation common shares for the acquisition of all of the issued and outstanding shares of Kuya. The former shareholders of Kuya obtained control of Miramont and, as such, the transaction is considered a purchase of Miramont by Kuya and is accounted for as an RTO in accordance with the guidance provided under IFRS 2, Share-based Payment and IFRS 3, Business Combinations. Kuya is deemed to be the acquiring company and its assets, liabilities, equity and historical operating results are included at their historical carrying values. The net assets of Miramont were recorded at fair value as at the Transaction date. As Miramont does not qualify as a business according to the definition in IFRS 3 and the Transaction has been accounted for as an RTO, the sum of the fair value of the consideration paid by Kuya under RTO accounting, less Miramont's net assets acquired, has been recognized as a listing expense. All of Miramont's share capital, reserves and deficit balances immediately prior to closing of the Transaction were eliminated on closing of the Transaction. Pursuant to the RTO, the consolidated financial statements are for the year ended December 31, 2020, being the year-end of Kuya. The consolidated assets, liabilities and results of operations of Miramont and Kuya are included subsequent to the RTO. The consolidated financial statements are issued under the legal parent (Kuya Silver Corporation) but are deemed to be a continuation of the legal subsidiary (Kuya).

Exploration and Evaluation Assets

Bethania

In October 2017, the Company entered into the original share purchase agreement (the "Share Purchase Agreement") to acquire 80% of the shares of S&L Andes, a privately held Peruvian company based in Lima that owns 100% of the Bethania Silver Property (Santa Elena concession) and Chinita I concession (collectively referred to as the "Bethania Project"). S&L Andes operated the Bethania Project from 2010 to 2016, by mining ore and trucking the ore to nearby plants for processing into concentrates. S&L Andes ceased mining at the Bethania Project in 2016 and put the mine into care and maintenance at that time.

The Share Purchase Agreement was amended in February 2018, July 2018, February 2019 and June 2020, primarily to extend the closing date for completion and agree on a revised budget for where the funding provided by Kuya would be used. The financial terms from the original Share Purchase Agreement did not materially change, however the February 2019 amendment provided that the cumulative funding provided by Kuya to April 30, 2020 would be converted into shares of S&L Andes, although the shares, if issued, would be restricted until completion of the purchase.

To earn the 80% interest, Kuya was required to make payments totalling $8,000,000 and issue 2,000,000 (pre-RTO) common shares of Kuya to the owners of S&L Andes. The Share Purchase Agreement outlines the following payments to acquire the 80% interest:

- $4,500,000 investment in S&L Andes, consisting of:
    - $2,500,000 toward repayment of existing debts and liabilities of S&L Andes; and
    - $2,000,000 for working capital to fund ongoing activities of S&L Andes and the Bethania Project, including mine care and maintenance, technical studies on a mine expansion at Bethania, general and administrative expenses, and deal costs.
- $3,500,000 acquisition payment (cash) on closing of the acquisition of S&L Andes.
- 2,000,000 common shares of Kuya at a deemed price of $1.00 on closing of the acquisition of S&L Andes.

Based on the June 2020 amendment to the Share Purchase Agreement, the total investment and payments due on closing were required to be made no later than April 30, 2021 ("Closing Date"). If Kuya reached the Closing Date before the entire investment amount and other payments have been completed or Kuya terminates the agreement prior to the Closing Date, Kuya would receive the proportional ownership of S&L Andes based on a total valuation of $12,500,000.

As at December 31, 2019, Kuya had funded a cumulative total of $3,265,363 for S&L Andes in accordance with the Share Purchase Agreement, that was recorded as deferred acquisition costs on Kuya's statement of financial position and as a loan payable to Kuya on the statement of financial position of S&L Andes. During the period from January 1, 2020 to completion of the acquisition on December 15, 2020, Kuya funded a further $1,383,166 for S&L Andes in accordance with the Share Purchase Agreement, for an accumulated total of $4,623,213 of deferred acquisition costs. As part of closing of the acquisition on December 15, 2020, the parties agreed to apply $715,000 of the cumulative funding towards the final payment.

In October 2020, the Company agreed to acquire the remaining 20% interest in S&L Andes for a total of $1,750,000 of cash and shares.

(Expressed in US Dollars)

Exploration and Evaluation Assets (cont'd…)

Bethania (cont'd…)

On December 15, 2020, the Company completed the purchase of 100% of S&L Andes. As consideration on closing, the Company paid $4,191,822, applied the agreed $715,000 of previous funding as an advance against the final payments and issued a total of 3,929,288 common shares, at a value of $6,084,497 or CAD $1.97 ($1.55) per share. The Company subsequently changed the name of S&L Andes to Minera Toro del Plata.

Tres Banderas

The Company has two mining concessions (total of 1500 ha) located in the in the district of Acobambilla, department of Huancavelica, Peru, South of Bethania, known as the Tres Banderas Concessions, to which the Company made successful applications and holds them in good standing.

Exploration and Evaluation Expenditures

During 2020, the Company's focus was completing the funding required under the Share Purchase Agreement to acquire its interest in S&L Andes. Although some of the funding provided to S&L Andes was spent by S&L Andes on Bethania, the funding was accounted for as an acquisition cost. Accordingly, the expenditures presented in the tables below for Bethania only reflect exploration and evaluation expenditures from December 15 to December 31, 2020.

The exploration and evaluation expenditures incurred during the year ended December 31, 2020 were as follows:

Project		Bethania		Tres Banderas		Total
Care and maintenance	$	-	$	3,561	$	3,561
Engineering and permitting		5,102		-		5,102
Field supplies		345		-		345
Total	$	5,447	$	3,561	$	9,008

The cumulative exploration and evaluation expenditures on the properties incurred by the Company to December 31, 2020 are as follows:

Project		Bethania		Tres Banderas		Total
Care and maintenance	$	-	$	5,063	$	5,063
Engineering and permitting		5,102		-		5,102
Field supplies		345		-		345
Total	$	5,447	$	5,063	$	10,510

(Expressed in US Dollars)

Selected Annual Information

The following table sets out selected annual financial information for the financial years ended ("FYE") December 31, 2020, 2019, and 2018.

Year Ended		**December 31, 2020**		**December 31, 2019** (Restated)[(1)]		**December 31, 2018** (Unaudited) (Restated)[(1)]
Revenue	$	Nil	$	Nil	$	Nil
Loss from continuing operations	$	(3,677,327)	$	(389,962)	$	(290,913)
- per share[(2)]	$	(0.20)	$	(0.04)	$	(0.03)
Loss	$	(3,677,327)	$	(389,962)	$	(290,913)
- per share[(2)]	$	(0.20)	$	(0.04)	$	(0.03)
Total assets	$	21,751,430	$	3,345,441	$	2,140,659
Total non-current financial liabilities	$	Nil	$	Nil	$	Nil
Cash dividends declared - per common share	$	Nil	$	Nil	$	Nil

1 Refer to "New Accounting Policies Adopted"
2 Diluted loss per share is not presented as the effect was anti-dilutive.

Overall Performance and Results of Operations: Year-to-date

During the year ended December 31, 2020, the Company incurred a loss of $3,677,327 compared to a loss of $389,622 for the year ended December 31, 2019.

The loss of $3,677,327 (2019 - $389,622) for the current year was comprised of $9,008 (2019 - $1,502) in property expenses, $1,053,267 (2019 - $389,622) in administrative expenses, including share-based payments of $326,792 (2019 - $319,841), and $(2,615,052) (2019 - $1,162) in net other income (expense).

The increase in loss for the current year was primarily attributable to the RTO with Miramont, resulted in a listing fee of $2,455,077 being recorded. Almost all of the various administrative expenses increased in 2020, when compared to 2019, as once the Company completed the RTO, there were costs of running a public company that are not associated with that of a private company. The Company also completed the acquisition of S&L Andes in December 2020.

(Expressed in US Dollars)

Summary of Quarterly Results

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

Three Months Ended	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Exploration and evaluation expenditures	$ 5,447	$ -	$ -	$ 3,561
Administrative expenses (excluding share-based payments)	$ 293,056	$ 363,422	$ 43,441	$ 26,556
Share-based payments	$ 300,858	$ 8,645	$ 8,644	$ 8,645
Loss from continuing operations	$ 3,214,832	$ 372,011	$ 52,032	$ 38,452
- per share (1)	$ (0.11)	$ (0.02)	$ (0.00)	$ (0.00)
Loss	$ 3,214,832	$ 372,011	$ 52,032	$ 38,452
- per share (1)	$ (0.11)	$ (0.02)	$ (0.00)	$ (0.00)

Three Months Ended	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Exploration and evaluation expenditures	$ -	$ -	$ 1,502	$ -
Administrative expenses (excluding share-based payments)	$ 16,428	$ 3,679	$ 27,035	$ 22,639
Share-based payments	$ 79,959	$ 79,961	$ 79,960	$ 79,961
Loss from continuing operations	$ 96,201	$ 83,292	$ 107,878	$ 102,591
- per share (1)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Loss	$ 96,201	$ 83,292	$ 107,878	$ 102,591
- per share (1)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

1. Diluted loss per share is not presented as the effect is anti-dilutive.

Overall Performance and Results of Operations: Quarterly

During the three-month period ended December 31, 2020, the Company incurred a loss of $3,214,832 compared to a loss of $96,201 for the three-month period ended December 31, 2019.

The loss of $3,214,832 (2019 - $96,201) for the current quarter was comprised of $5,447 (2019 - $nil) in property expenses, $593,914 (2019 - $96,387) in administrative expenses, including share-based payments of $300,858 (2019 - $79,959), and $(2,615,471) (2019 - $186) in net other income (expense). The expenditures with significant changes in the current quarter from the comparative quarter of last year, not described above, were as follows:

Property Expenses

- Exploration and evaluation expenditures – There were minimal expenses in the current period as the acquisition of S&L Andes was completed at the end of the quarter.

Administrative Expenses

- Costs were incurred in the first quarter of operating as a public company that were non-existent in the prior year.

Liquidity and Capital Resources

The Company's cash position was $4,904,562 as at December 31, 2020 compared to $80,078 as at December 31, 2019. The Company's working capital was $2,801,457 as at December 31, 2020 compared to a working capital deficiency of $39,246 as at December 31, 2019. The Company's cash position consists of funds raised in previous financings, less cumulative expenditures incurred. The cash balance of $4,904,562 as at December 31, 2020 increased by $4,824,484, including the effect of foreign exchange on cash of $424,350, from the $80,078 balance as at December 31, 2019. The net increase was comprised of the receipt of the net proceeds from financings of $9,130,125 (2019 - $1,057,380), net amounts received from a shareholder of $78,549 (2019 - $148,507), cash received from Miramont of $1,102,761 (2019 - $nil) on completion of the RTO and proceeds from a short term credit facility of $378,644 (2019 - $nil) provided by Miramont, which was offset by expenditures on operating activities (2020 - $714,957; 2019 - $1,105), payments for deferred acquisition costs of $1,383,166 (2019 - $1,168,393), and payments for the S&L acquisition of $4,191,822 (2019 - $nil).

Management believes the Company's current cash resources are sufficient to meet its short-term needs. The Company is continuing to explore various potential sources of financing, but there is no certainty that any additional financings will be completed. The Company raised capital in previous reporting periods through private placements of its common shares and the RTO transaction with Miramont, with the result that the current working capital balance is an amount that management believes is sufficient to further operations for the upcoming twelve months.

(Expressed in US Dollars)

Liquidity and Capital Resources (cont'd…)

The following table summarizes the use of proceeds previously disclosed in the August 10, 2020 Management Information Circular as compared to the actual use of proceeds for the period from October 1 to December 31, 2020. The table also summarizes the expected use of proceeds for the period from January 1, 2021 to December 31, 2021.

Principal Purposes of Funds	Planned use of proceeds per August 10, 2020 Management Information Circular[1]	Expenditures from October 1 to December 31, 2020	Expenditures to be incurred from January 1, to December 31, 2021[2]
Exploration Program for the Bethania Silver Property (Phase 1)[1]	$429,000	$nil	$429,000
Complete acquisition of the 80% interest in S&L Andes[1]	$3,713,000	$3,549,181	$nil
Acquisition of the remaining 20% interest in S&L Andes[3]	$nil	$1,146,250	$nil
General and administrative expenses, net of other income (excluding share-based payments and amortization) [1]	$895,000	$293,056	$601,944
Expenditures before working capital changes and other items	$5,037,000	$4,988,487	$1,030,944
Unallocated general working capital[1]	$4,737,000		
Total available funds	$9,774,000		

[1] amounts reported in this column were translated from the CAD $ amounts included in Miramont's August 10, 2020 management information circular at an exchange rate of 1.3404.
[2] There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.
[3] This unplanned expenditure relates to the costs incurred to acquire the remaining 20% of S&L Andes, as announced on October 26, 2020.

Off-Balance Sheet Arrangements

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

(Expressed in US Dollars)

Transactions with Related Parties

The following summarizes the Company's related party transactions with its key management personnel during the years ended December 31, 2020 and 2019:

	2020	2019
Paid or accrued management fees to David Stein, a director and President and CEO of the Company	$ 171,294	$ -
Paid or accrued director fees to Dale Peniuk, a director of the Company	5,788	-
Paid or accrued director fees to Quinton Hennigh, a director of the Company	6,753	-
Paid or accrued director fees to Andres Recalde, a director of the Company	4,824	-
Paid or accrued director fees to Maura Lendon, a director of the Company	5,267	-
Paid or accrued professional fees to Lesia Burianyk, CFO of the Company	10,063	-
Vesting of share-based payments to David Stein	41,664	308,577
Vesting of share-based payments to Dale Peniuk	20,833	-
Vesting of share-based payments to Quinton Hennigh	26,041	-
Vesting of share-based payments to Andres Recalde	20,833	-
Vesting of share-based payments to Maura Lendon	20,833	-
Vesting of share-based payments to Lesia Burianyk	5,686	-
	$ 339,879	$ 308,577

As at December 31, 2020, included in accounts payable and accrued liabilities was $170,878 (2019 - $119,324) owing to officers and directors.

As at December 31, 2020, a director was owed $156,990 (2019 - $71,075) for shareholder loans. These unsecured loans are due on demand and bear no interest. During the year ended December 31, 2020, a director advanced Kuya a total of $239,341 (2019 - $353,507) and was repaid $160,792 (2019 - $205,000) in cash with a further $nil (2019 - $500,000) settled through the issuance of shares.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and the members of its Board of Directors.

Subsequent Events

Subsequent to December 31, 2020, the Company:

a) entered into a share purchase and option agreement (the "Purchase Agreement") with First Cobalt Corp. ("FCC"), and its subsidiaries Cobalt Industries of Canada Inc., and Cobaltech Mining Inc. to acquire a portion of FCC's silver mineral exploration assets (the "Kerr Assets") from FCC and an option to acquire up to a 70% interest in and to the balance of FCC's silver mineral assets ("Remaining Assets") located in the Cobalt, Ontario silver mining district (the "Option").

   Pursuant to the Purchase Agreement, the Company paid $788,750 (CAD $1,000,000) and issued 1,437,470 common shares to acquire 100% of the Kerr Assets.

(Expressed in US Dollars)

Subsequent Events (cont'd…)

To exercise the Option on the Remaining Assets, the Company must pay FCC an initial CAD $1,000,000 within six months of closing and can earn up to a 70% interest in the Remaining Assets by paying FCC up to an additional CAD $1,000,000 in cash or common shares of the Company and incur up to CAD $4,000,000 of expenditures on the Remaining Assets. Additional payments of up to CAD $5,000,000 in cash or common shares of the Company will be due to FCC following completion of a maiden mineral resource estimate, depending on the number of silver equivalent ounces in the mineral resource; and

b) issued 50,000 common shares pursuant to the exercise of options, for proceeds of CAD $45,000.

Share Capital Information

Disclosure of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Shares Issued and Outstanding

As at the Report Date, there were Nil preferred shares issued and outstanding. Changes in common shares, options and warrants outstanding from December 31, 2020 to the Report Date are summarized below.

Common share transactions are summarized as follows:

	Number of common shares
Balance as at December 31, 2020	37,902,096
Issued to FCC	1,437,470
Issued pursuant to option exercise	50,000
Issued pursuant to warrant exercise	276,624
Balance as at Report Date	39,666,190

(Expressed in US Dollars)

Share Capital Information (cont'd…)

Stock options

Option transactions are summarized as follows:

	Number of options
Balance as at December 31, 2020	1,222,500
Exercised	(50,000)
Balance as at Report Date	1,172,500

Share purchase warrants

Share purchase warrants transactions are summarized as follows:

	Number of warrants
Balance as at December 31, 2020	479,665
Expired	(479,665)
Balance as at Report Date	-

Performance warrants

Performance warrant transactions are summarized as follows:

	Number of warrants
Balance as at December 31, 2020	276,624
Exercised	(276,624)
Balance as at Report Date	-

New Accounting Policies Adopted

During the year ended December 31, 2020, the Company changed its account policy from previously expensing all exploration and evaluation costs to deferring or capitalizing costs related to the acquisition of a mineral property or of a company holding a mineral property. The Company has elected to change this accounting policy effective with the presentation of these consolidated financial statements, on a retrospective basis.

There were no other changes in accounting policies, including initial adoption, during the year.

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, 2021. These have not been applied in preparing these consolidated financial statements.

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

IAS 16, Property, Plant and Equipment - Proceeds before Intended Use

The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in the statement of earnings (loss). This amendment is effective for financial statements beginning on or after January 1, 2022, with early adoption permitted.

While management does not currently anticipate this amendment having a material effect on the Company's consolidated financial statements for 2021, it may have an effect in periods beyond 2021.

Financial Instrument Risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at December 31, 2020, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

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

Financial Instrument Risk (cont'd…)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company has sufficient cash as at December 31, 2020 to settle its current liabilities as they come due and management estimates funds are sufficient to further operations for the upcoming twelve months.

Market risk

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

Foreign currency exchange risk – This risk relates to any changes in foreign currencies in which the Company transacts. The Company incurs costs for goods and services denominated in currencies other than the presentation currency and is subject to foreign currency risk on assets and liabilities denominated in currencies other than the United States dollar. The effect of a 10% change in the foreign exchange rate on monetary balances held in USD dollar and soles accounts would be approximately $184,000 recorded in profit or loss for the year ended December 31, 2020. The effect of a 10% change in the foreign exchange rate on monetary balances held in CAD dollar and soles accounts would be approximately $282,000 recorded in other comprehensive income or loss for the year ended December 31, 2020.

Interest rate risk – This risk relates to the change in the borrowing rates of 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 be approximately $45,000 in interest income for the year ended December 31, 2020.

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

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

Fair value hierarchy

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Financial Instrument Risk (cont'd…)

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 has classified its cash, receivables, accounts payable and accrued liabilities and related party loans as amortized cost. The fair value of cash, receivables, and accounts payable and accrued liabilities approximates their carrying values because of the short-term nature of these instruments.

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 year ended December 31, 2020.

Risks and Uncertainties

The Company is in the mineral exploration and development business and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

a) The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations. Mining operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. There is no certainty that the expenditures made by the Company toward the search and evaluation of precious metals and other minerals will result in discoveries of mineral resources, mineral reserves or any other mineral occurrences.

b) The likely source of future funds for further acquisitions, property development, and exploration programs undertaken by the Company are the sale of equity capital. For the exploration, development of economic ore bodies, and commencement of commercial production, additional financing may be required by the Company. Future equity financings are subject to prevailing market conditions at the time and could result in substantial dilution to the holdings of existing shareholders.

c) The Company's capital resources are largely determined by the strength of the resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

d) The market price of any mineral is volatile and is affected by numerous factors that are beyond the Company's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in mineral market prices could render less economic, or uneconomic, some or all of the mineral extraction and/or exploration activities to be undertaken by the Company. This, in turn, greatly affects its ability to raise equity capital, negotiate option agreements and form joint ventures.

Risks and Uncertainties (cont'd…)

e) All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

   Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

   Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at any future producing properties or require abandonment or delays in the development of new mining properties.

f) The exploration and development activities of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue exploration and development activities in the future.

g) The operations of the Company are currently conducted primarily in Peru, as such, the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to: terrorism; extreme fluctuations in currency exchange rates; and changing political conditions, currency controls and governmental regulations. Changes, if any, in mining or investment policies or shifts in political attitudes in any of the countries the Company operates in may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

Risks and Uncertainties (cont'd…)

h) The Company's relationship with the communities in which it operates are critical to ensure the future success of its existing operations and the development of its projects. Certain governmental and non-governmental organizations, some of which oppose globalization and resource development, are often vocal critics of the mining industry and its practices, including the use of cyanide and other hazardous substances in processing activities. Adverse publicity generated by such governmental and non-governmental organizations or others related to extractive industries generally, or the Company's operations specifically, could have an adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

i) The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly-skilled employees may adversely affect its business and future operations.

j) The mining industry is highly competitive. Many of the Company's competitors for the acquisition, exploration, production and development of mineral properties, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them than the Company.

k) The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. At the present time, the more measured demand for minerals in some emerging economies (notably China and India) has led to moderation in prices for industrial minerals and the lower expectation of future inflation in advanced economies has moderated the price of precious metals. It is difficult to assess how long such trends may continue.

l) The Company's activities may be affected by potential medical pandemic issues, such as the novel coronavirus (COVID-19), as a result of the potential related impact to employees, disruption to operations, supply chain delays, travel and trade restrictions, impact on economic activity in affected countries or regions and local government response to such issues. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce in the mining industry and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. The Company's costs may increase in order to implement necessary precautions as required by local laws or as determined by the Company. As well, there can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by pandemics on global financial markets which may reduce resources, share prices and financial liquidity that may severely limit the financing capital available in the industry that the Company operates in and the mining industry generally.

Risks and Uncertainties (cont'd…)

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward-looking statements. The exploration and development activities of the Company are subject to various laws governing exploration, development, and labour standards which may affect the operations of the Company as these laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

Proposed Transactions

Currently there are no pending proposed transactions, except as disclosed in the "Subsequent Events" section.

Additional Information

Additional information relating to the Company, is available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at **www.sedar.com.**

Corporate Information

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