KUYA SILVER CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in US Dollars)

Report Date – April 30, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and the financial condition of Kuya Silver Corporation ("Kuya Silver", the "Company", "we", or "our") as at and for the year ended December 31, 2024. 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, 2024. References to "Kuya Silver" in this MD&A refer to the Company and its subsidiaries taken as a whole.

Readers are cautioned that this MD&A contains forward-looking statements about expected future events and financial and operating performance of the Company, and that actual events may vary from management's expectations. Readers are encouraged to read the Cautionary Note on Forward-Looking Statements included in this MD&A and to consult the Company's audited annual consolidated financial statements and corresponding notes for the year ended December 31, 2024, which are available under the Company's profile on the SEDAR+ website at www.sedarplus.ca.

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 ("NI") 51-102 of the Canadian Securities Administrators.

All amounts disclosed in this MD&A are expressed in United States ("US") dollars ("USD"), unless otherwise noted. Canadian dollars are represented by CAD $. Information contained herein is presented as at April 30, 2025 (the "Report Date") unless otherwise indicated.

COMPANY OVERVIEW

Kuya Silver is a mineral exploration and development company with a focus on acquiring, exploring, and advancing precious metals properties in Peru and Canada. The Company's head office and principal address is located at 150 King Street West, Suite 200, Toronto, ON, M5J 1J9. The Company was incorporated on July 15, 2015, under the Business Corporations Act (British Columbia) and the Company's registered and records office is located at 40440 Thunderbird Ridge, Squamish, BC, V8B 0G1. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol KUYA.

OVERVIEW OF EXPLORATION AND EVALUATION ASSETS

Bethania Silver Project (Huancavelica, Peru)

The Bethania Silver Project is comprised of the Bethania mine (Santa Elena mining concession) that operated from 2010 to 2016, the Carmelitas concessions, and the Tres Banderas concessions as detailed below and collectively covers approximately 4,295 hectares. One of the Company's key goals for the Bethania Silver Project is to develop a 350 tonnes per day ("tpd") mining operation that would include the construction of a 350 tpd processing plant as contemplated in the Amended and Restated Preliminary Economic Assessment (the "PEA") which was filed on SEDAR+ on October 10, 2023 and posted on the Company's website. The PEA envisages a 350 tpd underground mine feeding a processing plant that would process mineralized material and also incorporates the potential to toll-mill mineralized material prior to the construction and commissioning of a new processing plant at site.

OVERVIEW OF EXPLORATION AND EVALUATION ASSETS (cont'd..)

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

Bethania

On December 15, 2020, Kuya Silver completed the purchase of 100% of the shares of Minera Toro del Plata S.A.C. ("MTP"), a privately held Peruvian company based in Lima that owns 100% of the Bethania Silver Property (Santa Elena concession) and Chinita I concession located in the district of Acobambilla, department of Huancavelica, Peru. MTP operated the Bethania mine from 2010 to 2016, by mining ore from underground and trucking it to nearby plants for processing into saleable concentrates.

Carmelitas Concessions

On May 14, 2021, the Company announced the acquisition of three mineral concessions, Carmelita 2005, Carmelita 2005 I and Carmelita 2005 II concessions (collectively "Carmelitas"), which are strategically located less than three kilometers west of Bethania, located in the district of Acobambilla, department of Huancavelica and in the district of Chongos Altos, department of Junín, Peru. The Carmelitas concessions were host to small-scale mining activities until early 2020, producing silver-polymetallic material very similar to Bethania. Kuya Silver plans to incorporate Carmelitas into its operating activities at Bethania going forward.

In fiscal 2021, subsequently amended in fiscal 2022, the Company entered into agreements to acquire the Carmelitas concessions. The Company completed the acquisition for a total purchase price of $952,500, which consisted of making cash payments totaling $552,500 and issuing 1,084,490 common shares, valued at $399,910. The final payment of $100,000 was paid in fiscal 2023.

Tres Banderas Concessions

The Tres Banderas concessions are located primarily in the department of Huancavelica, Peru (with some concessions extending into the departments of Lima and Junín), in the vicinity of, or surrounding Bethania. Tres Banderas 01 through 07 mining claims, (that are near to and contiguous with the Santa Elena mining concession, which includes the Bethania mine) were acquired through an open application process from 2019 and 2022 by Kuya Silver S.A.C. ("Kuya S.A.C."). In early 2023, a mineral concession for Tres Banderas 08 (contiguous with Tres Banderas 06 to the south) was awarded to Kuya S.A.C. In 2024, Kuya added Tres Banderas 09 and 10, located immediately north of Carmelita 2005 and southwest of the Corihuarmi gold mine owned by Minera IRL Ltd. These concessions cover other favourable targets in close proximity to the Bethania mine, including the Tito-PH prospect located on the Tres Banderas 03 concession.

OVERVIEW OF EXPLORATION AND EVALUATION ASSETS (cont'd…)

Silver Kings Project (Ontario, Canada)

On March 1, 2021, the Company completed an agreement to acquire, from Electra Battery Materials Corporation ("Electra"), certain silver-cobalt mineral exploration assets (the "Kerr Assets"), as well as an option to acquire up to 70% of the balance of Electra's silver-cobalt mineral exploration assets (the "Remaining Assets") located in the historic Cobalt, Ontario silver-cobalt mining district. As part of that agreement, the Company had the option of forming a joint venture with Electra ("Silver Kings JV"), through its wholly owned subsidiary Cobalt Industries of Canada Inc. ("CIC"), the company that holds the Remaining Assets. On December 31, 2022, the Company and Electra amended the original agreement to provide the Company with the right to acquire 100% of the Remaining Assets, which was then completed in January 2023.

Since November 2021, Kuya has also acquired (primarily through claim-staking) additional mining claims in the Cobalt mining district, with some being adjacent to the Kerr Assets or the Remaining Assets, and others located in nearby prospective areas.

The Silver Kings Project encompasses the 100%-owned Kerr Assets ("Kerr Project"), the Remaining Assets and the other properties totaling more than 13,000 hectares in the Coleman, Gilles Limit, Lorrain, South Lorrain, Kittson, Barr, Klock, and Dane townships in north-eastern Ontario. Certain of the claims including those that were part of the Remaining Assets as well as those acquired from Canadian Silver Hunter Inc. ("CSH") in 2023 are subject to a 2% net smelter returns royalty as detailed below in the "Other Silver Kings Properties (formerly Silver Kings JV)" section. The Company continually manages its property position based on strategic goals, geological potential and expenditure requirements and may increase or decrease these holdings from time to time.

Kerr Project

On September 30, 2021, the Company obtained control of CobalTech Mining Inc. ("CobalTech") the company that holds the Kerr Assets which includes twelve patents in both Coleman and Gilles Limit townships, a lease, and several mineral claims. In connection with the acquisition, a reclamation provision in the amount of $1,645,784 as at December 31, 2024 has been recorded for future reclamation and rehabilitation obligations on the Kerr Assets.

OVERVIEW OF EXPLORATION AND EVALUATION ASSETS (cont'd…)

Other Silver Kings Properties (formerly Silver Kings JV)

To fully exercise the option on the Remaining Assets, the Company was to make payments totaling CAD $2,000,000 and complete work commitments of CAD $4,000,000 by September 1, 2024. As per the December 31, 2022 amendment to the original agreement, the Company acquired a 100% interest in the Remaining Assets by making payments of CAD $2,000,000 (including what had been already paid at the time). As per the amendment, the Company granted a 2% royalty on net smelter returns from commercial production on the Remaining Assets to Electra. The Company is no longer required to complete any work commitments.

The original agreement provided that Kuya Silver may issue an equivalent value in common shares of the Company at the 20-day volume weighted average price immediately prior to the date the actual respective payment is made in lieu of making the cash payments. On September 1, 2021, the Company issued 671,141 common shares to Electra, in in lieu of a CAD $1,000,000 cash payment. Following this payment, the Company and Electra had intended to enter a Joint Venture Agreement ("JVA") for the joint exploration and development of the project. In advance of the commitments due on September 1, 2022, Electra provided a notice of waiver of the requirements of the JV earn- in payment schedule on a temporary basis, to allow sufficient time for Kuya Silver and Electra to negotiate, finalize and execute an amendment to the agreement in respect of the Remaining Assets. On December 31, 2022, the Company and Electra completed the amendment, as described above. On January 31, 2023, the Company issued 2,702,703 common shares to Electra, in lieu of the CAD $1,000,000 cash payment to acquire the remaining interest. Additionally on January 31, 2023, the Company issued 405,405 common shares to Electra, for settlement of CAD $150,000 of accounts payable and accrued liabilities due to Electra.

On March 24, 2023, the Company entered into a settlement agreement with 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 JV amended purchase agreement and option. To settle the Dispute, the Company issued 1,666,667 common shares to CSH 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 the related mineral properties.

CORPORATE UPDATE AND OUTLOOK

Financings

The Company started 2024 with $2,650,187 in cash, from financings obtained through various means during 2023. Included in the opening cash balance are the remaining flow-through share funds of $388,309. During the year ended December 31, 2024, the following financings were undertaken:

a) on April 11, 2024, the Company closed the final tranche of a $1,200,000 non-brokered private placement pursuant to an agreement with Trafigura Pte Ltd ("Trafigura") through two of its subsidiaries, whereby Trafigura has invested $961,570 (CAD $1,316,581) to acquire 5,266,324 units of Kuya Silver at a price of CAD $0.25 per unit to support the restart of production from the Bethania mine. Each unit consists of one common share in the capital of Kuya Silver and one common share purchase warrant. Each warrant entitles the holder to acquire one common share for CAD $0.37 until April 11, 2026. Trafigura has agreed to hold the common shares acquired in the offering for a minimum of one year and will immediately exercise the warrants if the common shares trade at a premium of 25% to the warrant exercise price for one month.

b) On June 19, 2024, the Company closed a non-brokered private placement for total proceeds of $1,823,736 (CAD $2,500,160) and in return issued 5,208,667 units at $0.48 per unit. 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) On October 10, 2024, the Company closed a secured convertible debenture financing of which 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

d) Subsequent to December 31, 2024, a financing was completed by the Company. Details can be found in the subsequent event section.

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CORPORATE UPDATE AND OUTLOOK (cont'd…)

Exploration and evaluation assets

Bethania Silver Project

In early 2024, Kuya Silver started preparatory work necessary to restart production including to recondition and upgrade the underground working areas which have seen little to no traffic for the past eight years. The pre-production work included removal and replacement or reinforcement of certain underground supports, water pumping (dewatering), removal of broken rock material, tunnel, rail and ventilation maintenance, etc. Initial ore extraction has focused on areas with existing underground infrastructure and will transition over time to newly developed areas. Kuya Silver plans to recondition and improve historical working areas to a higher standard in order to reduce safety risks and improve productivity and maintain that same high standard as it develops new areas of the mine.

One of the Company's key goals for the Bethania Silver Project is to resume mining operations and to build a 350 tpd processing plant. However, currently, and in the immediate future, the Company's management is focused on underground mining activities and conducting toll-milling (i.e. processing ore at a third-party mill into saleable concentrate) prior to construction of the processing plant, which generates near-term cash flow while de-risking the mining operation by providing valuable production experience, training to the workforce and advancing the underground development required for eventual full-scale production.

The Company is currently providing mineralized material to toll-mill at one of the nearby mills. There is a robust spot market for milling services within trucking distance from the Bethania project. In addition to the goal of minimizing costs, including trucking expenses and maximizing concentrate production performance, the Company considered the environmental and social factors in committing to the third party business arrangement. As a result of the toll milling of the mineralized material, the resultant concentrate is being sold, leading to pre-production revenue during the latter months of 2024 and into 2025. The concentrate is trucked to the customer's (Trafigura) facility near the port in Callao, Peru. On December 5th, 2024, the Company announced a letter of intent ("LOI") with Novamera Inc. to deploy their patented Surgical Mining™ process from surface, which, if implemented, would provide additional production tonnage over and above the Company's conventional underground mining production at Bethania. As of this date, the permitting of this type of mining is being pursued with the Peruvian authorities. For further details on this project, please refer to the press release of December 5, 2024 on the Kuya Silver website (www.kuyasilver.com).

CORPORATE UPDATE AND OUTLOOK (cont'd…)

Exploration and evaluation assets (cont'd…)

Bethania Silver Project (cont'd…)

Even though the PEA has demonstrated 7 years of potential mine life, the Company's management also believes there are opportunities to expand on the Company's exploration strategy throughout the Bethania district, including the mine property itself (Santa Elena concession), as well as the Carmelitas and Tres Banderas concessions, where several high-priority targets are ready to be followed up with mapping and sampling programs to advance these targets to a drill-ready stage. The Company has completed several surface sampling programs at Carmelitas, as well as the Tito-PH prospect, which have been successful in discovering new zones of silver-dominated mineralized veins and demonstrated that silver polymetallic vein mineralization could be more extensive than previously understood. Between two vein systems identified at Carmelitas (also referred to as Carmelitas Main and Carmelitas Norte) and the Company's understanding of the Bethania mine area, the Company can identify at least 2.3 kilometres of combined strike length of mineralized vein systems which collectively to date have seen minimal exploration at depth.

As part of the 2025 mine plan submission to the Peruvian authorities, Kuya Silver has designed a new production ramp, to be developed over the course of the next several years, which would improve safety, allow for production to increase and provide better access to deeper levels of the mine. In addition, the mine plan contains plans for a preliminary underground exploration drill program.

Silver Kings Project

Kuya Silver has completed transactions that have consolidated more than 13,000 hectares of exploration claims, patents, and leases under the scope of the Silver Kings Project. While management sees many targets throughout the property package, exploration in the near-term has been focused in the vicinity of Kerr Lake (2 km southeast of the town of Cobalt), where several of our most advanced targets are located, including Campbell-Crawford, Airgiod and North Drummond targets (also referred to as the Kerr Project). In early 2023, the Company made a new silver vein discovery on the Campbell-Crawford claim, which is now known as the Angus Vein. Since then, the Company has identified other veins and vein structures both in drilling and on the surface in close proximity to the Angus Vein which have been shown to host silver-cobalt mineralization. In the fourth quarter of 2023, the Company further extended the footprint of silver-cobalt mineralized veins on the Campbell-Crawford property, delineating several new veins. In addition, Kuya Silver drilled a successful step-out hole intersecting a newly identified mineralized vein on the adjacent Airgiod property, approximately 250 metres west of the Angus Vein discovery. In the 2024-25 program, the Company successfully augmented its understanding of silver mineralization in the Angus Vein discovery area by drilling a wider corridor of mineralization between the Angus and McNamara veins. In addition, the Company intersected newly discovered veins consisting of cobalt-rich mineralization in the Frontier NW zone.

The Company expects to review the progress from the 2024-25 program and based on this review, as well as market conditions, expects to plan a path forward to advance the project.

(Expressed in US Dollars)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Details of certain financial metrics for the three months and years ended December 31, 2024 and 2023, and for the year ended December 31, 2022 are described below:

Selected Financial Information	Three months ended December 31,		Year ended December 31,		
	2024	2023	**2024**	2023	2022
Total assets	**$ 23,724,597**	$ 27,284,071	**$ 23,724,597**	$ 27,284,071	$ 24,498,697
Total non-current financial liabiities	**$ 1,695,352**	$ 1,815,709	**$ 1,695,352**	$ 1,815,709	$ 1,852,489
Revenue	**$ 150,129**	$ -	**$ 150,129**	$ -	$ -
Exploration & evaluation expenditures	**1,537,660**	951,556	**4,110,038**	2,518,775	1,773,259
Administrative expenses[1]	**518,364**	502,669	**2,016,649**	1,910,734	3,001,002
Share-based compensation	**63,128**	76,925	**299,373**	316,925	733,622
(Gain) on settlement of accounts payable and accrued liabilities	-	-	-	(13,440)	-
Other (income) expense	**(90,745)**	(157,291)	**(228,725)**	(196,087)	151,689
(Loss) for the period	**$ (1,878,278)**	$ (1,373,859)	**$ (6,047,206)**	$ (4,536,907)	$ (5,659,572)
(Loss) per share (Basic and diluted)[2]	**$ (0.03)**	$ (0.02)	**$ (0.06)**	$ (0.06)	$ (0.12)
Cash dividends declared	**$ -**	$ -	**$ -**	$ -	$ -

1. Administrative expenses exclude share-based compensation.
2. In periods when the Company has a loss, diluted loss per share is the same as basic loss per share.

The loss for the year ended December 31, 2024, of $6,047,206 (2023 - $4,536,907) was comprised of $150,129 of revenue as a result of the late 2024 pre-development operations sale of concentrate that was toll-milled from the mineralized ore mined from the Bethania site, $4,100,038 (2023 - $2,518,775) in exploration and evaluation expenditures, $2,016,649 (2023 - $1,910,734) in administrative expenses, excluding share-based compensation of $299,373 (2023 - $316,925), and $228,725 of other income (2023 – $196,087). Net other income for the year ended December 31, 2024, consisted of income from the recognition of flow-through share premium of $356,373 (2023 - $242,573), interest income of $36,003 (2023 – $nil), a loss from foreign exchange of $54,886 (2023 -$13,207 gain), and accretion expense of $108,765 (2023 – $59,693). For the year ended December 31, 2023, a gain on settlement of accounts payable and accrued liabilities of $13,440 was recorded. Losses for the year ended December 31, 2024 were higher than the same period as 2023 due to planned increased exploration and evaluation spending mainly driven by the mine rehabilitation costs at the Bethania site, a 5.5% increase in spending on administrative expenses excluding share-based compensation which was lower due to the fair value calculation of stock options. Net other income was higher in 2024 mainly due to the recognition of a higher flow-through share premium and interest income in 2024. Included in accretion expense in 2024 is the accretion on the convertible debentures of $55,884.

During the fourth quarter of 2024, the Company had a loss of $1,878,278 as compared to a loss of $1,373,859 in the same quarter of 2023. The loss for the quarter was comprised of revenue of $150,129 (2023 – $nil) which was a result of pre-development operations sale of concentrate that was toll-milled from the mineralized ore mined from the Bethania site, $1,537,660 (2023 - $951,556) in exploration and evaluation expenditures, $518,364 (2023 - $502,669) in administrative expenses excluding share-based compensation of $63,128 (2023 - $76,925), and net other income of $90,745 (2023 - $157,291). Net other income for the three months ended December 31, 2024, included income due to the recognition of flow-through premium of $203,817 (2023 –$100,368), interest income of $12,392 (2023 – $nil), accretion expense of $68,830 (2023 - $14,790) which included $55,884 of accretion on the convertible debentures, and a foreign exchange loss of $56,634 (2023 - $71,714 gain). Losses for the fourth quarter were higher in 2024 compared to the same quarter in 2023 due to increase spending at the Bethania mine site in Peru and on exploration & evaluation on the Silver Kings project. Overall administrative expenses and other net income were essentially flat in the current quarter when compared to the same quarter last year.

(Expressed in US Dollars)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (cont'd…)

Total assets of the Company fell by $3,559,474 with the major components of the decrease being cash which dropped $1,884,622 with the major spending being on the Bethania mine site rehabilitation project, and on the exploration and evaluation assets which were negatively impacted by $1,929,807 due almost exclusively to the rise in the USD relative to the Peruvian Sol ("PEN") and CAD.

The long term liability position decreased by $120,357 due to a reduction in the reclamation provision mainly as a result of the foreign exchange impact on the closing balance position as at December 31, 2023.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the three months and year ended December 31, 2024, and 2023 are as follows:

Exploration and evaluation expenditures	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
Bethania Silver Project				
Civil works and engineering	$ **21,469**	38,290	$ **76,900**	77,605
Geology and drilling	**1,808**	1,739	**1,808**	22,995
Mine rehabilitation	**367,839**	-	**1,497,546**	-
Operations and supplies	**184,896**	70,220	**285,180**	198,852
Property maintenance, licences and rights	**(5)**	6	**14,019**	36,673
Safety and environment	**(3,076)**	24,044	**713**	71,003
Value Added Tax ("VAT")	**46,803**	13,517	**213,652**	93,144
Wages and benefits	**75,873**	51,332	**330,066**	213,279
	695,607	199,148	**2,419,884**	713,551
Silver Kings Project				
Civil works and engineering	**45,258**	57,615	**138,790**	210,574
Geology and drilling	**610,675**	492,504	**989,031**	1,021,236
Operations and supplies	**25,806**	43,117	**122,197**	146,287
Property maintenance, licenses and rights	**30,696**	54,976	**42,950**	54,976
Safety and environment	**24,313**	2,159	**42,690**	4,829
Wages and benefits	**105,305**	102,037	**354,496**	367,322
	842,053	752,408	**1,690,154**	1,805,224
Total	**$ 1,537,660**	$ 951,556	**4,110,038**	$ 2,518,775

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (cont'd…)

Exploration and Evaluation Expenditures (cont'd…)

Bethania Silver Project

With the completion of the Amended and Restated PEA in the third quarter of 2023, and the management decision to focus on reviewing options to add further value to the Bethania Silver Project, including evaluating toll-milling options, management made the decision to restart mine operations which required rehabilitating the mine. As a result, during the year ended December 31, 2024, we incurred costs related to rehabilitating the mine whereas prior to that, the costs incurred primarily relate to general operating and maintenance costs. Mine rehabilitation activities include inspection and where required removal and replacement of underground support. In addition, underground access may be blocked by piles of rock that have accumulated over the past eight years which required their removal to allow safe and free access to areas of the mine where development of mining activity is taking place. As part of, and following the mine rehabilitation, some ore was mined and toll-milled, which produced a minor amount of saleable concentrate; however, management considers this to be supplemental to the mine rehabilitation activities, and not yet moving the project into the development phase.

Silver Kings Project

Exploration and evaluation expenditures during 2023 was predominantly focused on two drill programs which totaled 9,371 metres combined between spring and fall programs. The first phase drilling tested several targets in the Kerr Project, with a focus on the Campbell-Crawford property where the new Angus Vein discovery was made. The second half program continued to test and expand the understanding of buried silver-cobalt mineralization at Campbell-Crawford, with one hole in the adjacent Airgiod property making a new vein discovery at depth (Moran Vein). For the year ended December 31, 2024, the Company focused on field work to generate greater confidence and prioritize targets at the project which guided the additional drilling which commenced in the third quarter of 2024 and continued through the remainder of 2024.

(Expressed in US Dollars)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (cont'd…)

Administrative Expenses

Administrative expenses for the three months and year ended December 31, 2024, and 2023 are as follows:

Administrative Expenses	**Three months ended December 31,**		**Year ended December 31,**	
	2024	2023	**2024**	2023
Administrative costs	$ **26,563**	$ 31,400	$ **107,372**	$ 61,496
Consulting fees	**-**	-	**4,135**	7,431
Directors' fees	**24,120**	24,774	**98,493**	99,988
Filing fees	**6,816**	7,685	**30,398**	32,593
Management fees	**15,013**	15,420	**61,323**	62,236
Marketing and investor relations	**61,142**	62,345	**296,313**	178,117
Office and miscellaneous	**105,289**	70,120	**269,914**	332,072
Professional fees	**117,134**	122,475	**318,867**	296,402
Share-based compensation	**63,128**	76,925	**299,373**	316,925
Shareholder communication	**2,630**	2,354	**9,831**	10,786
Transfer agent	**2,863**	3,277	**11,366**	15,634
Travel	**9,039**	14,733	**194,243**	127,311
Wages and benefits	**147,755**	148,086	**614,394**	686,668
	581,492	579,594	**2,316,022**	2,227,659
less: Share based compensation	**(63,128)**	(76,925)	**(299,373)**	(316,925)
Cash - Admin costs	**$ 518,364**	$ 502,669	**$ 2,016,649**	**$** 1,910,734

1. Share based compensation consists of warrants issued for loans and share based compensation.

Administrative expenses (excluding share based compensation) for the year ended December 31, 2024 were $2,016,649 compared to $1,910,734 representing a 5.5% increase. Administrative costs were up by $45,876 mainly driven by administrative support for head office. Other areas of increase included additional spending in the area of marketing and investor relations which increased by 66% from the 2023 level of $178,117 to $296,313 and travel costs which increased by 53% mainly due to the activity in both the Bethania and Silver Kings sites as well as business development and administrative set-up travel. Partially offsetting the foregoing increases were reductions in the office and miscellaneous category of $62,158 and a reduction in wages and benefits of $72,274 both attributable to the Peru operations.

Administrative expenses (excluding share-based compensation) of $518,364 were incurred in the three months ended December 31, 2024, as compared to $502,669 in the same period in 2023. Administrative expenses excluding share based compensation for the quarter ended December 31, 2024 were comparable with the quarter ended December 31, 2023. Spending in the office and miscellaneous category was the only significant increase, and this was mainly due to additional costs of approximately $50,300 related to payments made for property rental in Peru, offset with reductions in other categories of office expenses. Share based compensation is lower in the quarter ended December 31, 2024 when compared to the same period last year due to the respective calculated fair values.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (cont'd…)

Other Items

Included in other income/expense for the periods are the following: the recognition of the flow-through share premium as flow-through funds are spent, foreign exchange loss/(gain), gain on settlement of accounts payable and accrued liabilities, and accretion expense on reclamation provisions and on the convertible debentures. Foreign exchange losses and gains are due to fluctuations in the PEN and the USD to the CAD. For the year and quarter ended December 31, 2024, the gain on the recognition of the flow share premium was $356,373 (2023 - $242,573) and $203,817 (2023 - $100,368) respectively. The foreign exchange loss for the year ended December 31, 2024 was $54,886 (2023 – $13,207) and for the quarter ended December 31, 2024 the loss was $56,634 (2023 - $71,714 gain). Also included in the other expense for the year and quarter ended December 31, 2024, was $108,765 (2023 - $59,693) and $68,830 (2023 – $14,790) respectively of accretion expense related to the reclamation provision which was recorded as an increase to the reclamation provision on Kerr and for accretion related to the convertible debentures. On December 31, 2024, the Company had an amount on the balance sheet of flow-through share premium of $139,943 (2023 - $48,492) related to the issuance of flow-through shares in 2024 which is expected to be spent on qualifying resource expenditures In 2025.

In July 2023, the Company recorded a flow-through share premium of $133,029 on the issuance of flow-through shares. In December 2023, the Company recorded a flow-through share premium of $42,598 on another issuance of flow-through shares. Flow-through share premiums are amortized to the statement of loss on a pro-rata basis as qualifying resource expenditures are incurred. For the fourth quarter of 2023, the partial recognition of the premium on the 2nd issuance of flow-through shares was $124,304 which was recorded to other income as continued qualifying expenditures were made on the Silver Kings Project. In total, $242,573 of other income on amortization of flow-through share premiums for the year ended December 31, 2024 (2023 - $657) was recorded. Lastly, the gain on settlement of accounts payable in 2023 was a result of issuing shares to Electra to settle debt in the first quarter of 2023.

(Expressed in US Dollars)

CUMULATIVE EXPLORATION AND EVALUATION COSTS

The following table presents the cumulative exploration and evaluation costs incurred by the Company on its properties for the year ended December 31, 2024:

Project	Bethania Silver Project	Silver Kings Project	Total
Civil works and engineering	$ 2,303,743	$ 349,364	$ 2,653,107
Geology and drilling	1,283,775	2,292,701	3,576,476
Mine rehabilitation	1,497,546	-	1,497,546
Operations and supplies	1,496,040	379,881	1,875,921
Property maintenance, licences and rights	124,363	119,513	243,876
Safety and environment	465,115	83,056	548,171
Value Added Tax ("VAT")	1,283,413	354,495	1,637,908
Wages and benefits	1,382,914	763,855	2,146,769
Expense recovery from Electra	-	(119,175)	(119,175)
Total	**$ 9,836,909**	**$ 4,223,690**	**$ 14,060,599**

Cumulative costs are as follows: Bethania Silver Project, since acquisition of 100% on December 15, 2020; Silver Kings Project, which consists of Kerr Assets from September 30, 2021 (consolidation date), Silver Kings JV from September 1, 2021 (initial earn-in payment date) to January 31, 2023 (payment for amended Option) and Silver Kings Project from January 31, 2023.

Bethania Silver Project

During the year ended December 31, 2024, the Company commenced reconditioning and underground development required to restart mining operations and commenced limited production of mineralized material beginning in May 2024 which was stockpiled until the fourth quarter of 2024. During the quarter ended December 31, 2024, the Company shipped mineralized ore to a third-party toll-milling plant and subsequently sold the produced concentrate to a customer located near the port in Lima. The plan over subsequent quarters is to gradually expand daily production of mineralized material from the mine, stockpile this material at site and process in batches to produce saleable concentrates. As of December 31, 2024, there had been a minimal amount of stockpiled ore which has not been valued in the financial statements due to immateriality. Current plans forecast a continued ramp-up period to achieve the initial target mining rate of 350 tpd. In the longer term, further work may include near-mine exploration to provide additional confidence to, and expand the Bethania resource, and finalizing plans, including arranging financing to make a construction decision on the Bethania process plant.

(Expressed in US Dollars)

CUMULATIVE EXPLORATION AND EVALUATION COSTS (cont'd…)

Silver Kings Project

In 2021, we completed two separate first-pass drill programs; drilling approximately 3,500 metres at the 100%-owned Kerr Project area with another 1,800 metres drilled at the Silver Kings JV. The costs in the above table reflect expenditures for these drill programs (and related activities such as review of assay results and compiling historical data etc.), property maintenance costs and other related activities. During 2022, the Company focused on consolidating a greater property package at the Silver Kings Project through both staking new claims and amending our option agreement with Electra to acquire 100% of the Remaining Assets, subject to a royalty of 2% of net smelter returns, which was completed during the first quarter of 2023. The Company also acquired properties from CSH in the first quarter of 2023. We completed drill programs totaling 9,371 metres over the course of 2023 with the results from the final batch of assays reported early in the first quarter of 2024. The Company started a new 10,000 metre drilling program in several campaigns starting in the third quarter of 2024 and concluding in the first quarter of 2025 in order to expand the discoveries made in 2023.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

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

		2024				2023			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Selected Financial Information									
Revenue	$	150,129	-	-	-	-	-	-	-
Exporation & evaluation expenditures	$	1,537,660	1,140,777	906,759	524,842	951,556	301,766	423,522	841,931
Administrative expenses[1]	$	518,364	464,434	483,339	550,512	502,669	455,119	455,365	497,581
Share-based compensation	$	63,128	84,568	64,202	87,475	76,925	86,096	75,616	78,288
(Gain) on settlement of accounts payable and	$								
accrued liabilities	$	-	-	-	-	-	-	-	(13,440)
Foreign exchange loss/(gain) and other[2]	$	(90,745)	(139,512)	(5,129)	6,661	(157,291)	67,373	(49,444)	(56,725)
Loss for the period	$	1,878,278	1,550,267	1,449,171	1,169,490	1,373,859	910,354	905,059	1,347,635
(Loss) per share - Basic and diluted [3]	$/share	(0.03)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)

1. Administrative expenses exclude share-based compensation.
2. Other includes items such as interest income, accretion expense, and the recognition of the flow-through share premium on qualified exploration and evaluation expenditures starting in the first quarter of 2023 and continuing through to the fourth quarter of 2023.
3. In periods when the Company has a loss, diluted loss per share is the same as basic loss per share.

Up to September 30, 2024, the Company had not generated any revenue and in the fourth quarter there was a minimal amount of revenue recorded. Loss for the period can significantly vary quarter-over-quarter based on the amount of exploration and evaluation expenditures incurred, share-based compensation expense reported, and other items. Exploration and evaluation expenditures vary based on the exploration and evaluation activities in process during the period and time of year; share-based compensation expense can vary based on the timing and valuation of grants of share-based awards; and the timing and amount of other recurring and non-recurring items such as foreign exchange loss/(gain), (gain) on settlement of accounts payable and accrued liabilities, accretion expense, the recognition of the flow-through share premium on qualified exploration and evaluation expenditures, and other expense/(income).

(Expressed in US Dollars)

SUMMARY OF QUARTERLY FINANCIAL RESULTS (cont'd…)

Over the 8 quarters covered by the above table, the increase in exploration and evaluation expenses is evident as both the Bethania mine site and the Silver Kings properties were being worked on. The most recent quarters reflect increased spending in the areas of mine rehabilitation at the Bethania site in order to prepare for mining while continued exploration including drilling programs were underway at the Silver Kings site. Despite some variability in the quarterly spend due to business and finance activities, administrative expenses over the last 8 quarters were tracking on a comparable level over the period. Spending levels within the administrative expenses categories change due to business and finance needs as investor relations and business development including travel will vary over the quarters.

The foreign exchange gain/loss and other category was impacted by quarterly fluctuating gains and losses in foreign exchange as the USD exhibited volatility over the quarters ending up with a loss reflected in the last quarter of 2024 of $56,634. The recognition of the premium on flow-through shares were highest in the last two quarters of 2024, which increased the net other income for that period. Lastly, interest income on the cashable investments contributed positively in the last two quarters. Accretion expense increased in the last quarter due to the accretion on the convertible debentures.

LIQUIDITY AND CAPITAL RESOURCES

		Year ended December 31, 2024		Year ended December 31, 2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Loss for the period	$	(6,047,206)	$	(4,536,907)
Items not involving cash		(97,499)		192,403
Change in non-cash working capital		395,081		50,601
Net cash used in operating activities		(5,749,624)		(4,293,903)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
(Additions)/disposals of facilities and equipment		(97,170)		20,500
Additions to exploration and evaluation assets		-		(100,000)
Net cash used in investing activities		(97,170)		(79,500)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Proceeds from issuance of share capital		3,149,858		6,014,197
Share issue costs		(65,462)		(188,463)
Net proceeds from issuance of convertible debt		983,245		-
Repayment of convertible debentures		(115,711)		
Net cash provided by financing activities		3,951,930		5,825,734
Change in cash		(1,894,864)		1,452,331
Effect of foreign exchange on cash		10,242		977
Cash, beginning of period		2,650,187		1,196,879
Cash, end of period	$	765,565	$	2,650,187

(Expressed in US Dollars)

LIQUIDITY AND CAPITAL RESOURCES (cont'd…)

The Company's cash position decreased from $2,650,187 at December 31, 2023, to $765,565 as at December 31, 2024. Cashflows used in operations of $5,749,624 were used for rehabilitation of the mine site at Bethania as well as exploratory work and ongoing care and maintenance in Peru, the exploratory and drilling programs at the Silver Kings site and to cover general administrative expenses in both Peru and Canada. This compares to $4,293,903 of cashflow used in operating activities during the same period last year. Cash flows from financing activities included two private placements that closed in the second quarter of 2024 totaling $2,785,306 with share issue costs of $25,392, proceeds from the exercise of warrants of $364,552 and a convertible debenture issue resulting in net proceeds of $983,245 as well as repayments of the convertible debentures of $115,711. This compares to $5,825,734 of net cash provided by financing activities in 2023. In addition, share issue costs of $40,070 related to a December 2023 financing closing were paid in the first quarter of 2024. Funds used in investing activities in 2024 of $97,170 were for the building of an explosive magazine facility to prepare for upcoming use at the Bethania mine site while in the same period last year, $100,000 was paid relating to the remaining balance owed on the Carmelitas property while $20,500 was received by the Company on the disposal of vehicles.

The Company had a net working capital deficit of $677,145 as at December 31, 2024, compared to net working capital of $2,012,055 as at December 31, 2023, as shown below. Included in current assets is cash of $765,565 including $559,772 related to the unspent flow-through shares proceeds as at December 31, 2024 which is required to be spent on qualified Silver Kings exploration costs. As such, without additional financing the Company would not be able to settle its liabilities when due or meet its projected administrative costs over the next twelve months. Please refer to the subsequent event section which contains details of the financing activity that occurred subsequent to December 31, 2024.

Working Capital		**December 31, 2024**		December 31, 2023
Current assets	$	**1,285,319**	$	3,005,783
Current liabilities		**1,962,464**		993,728
Net working capital (deficiency)	$	**(677,145)**	$	2,012,055

Kuya Silver'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. While we raised gross proceeds of CAD $8,084,156 ($6,014,197) in fiscal 2023, CAD $6,238,676 ($4,543,014) in fiscal 2024, and an additional CAD $3,572,938 ($2,499,005) up to the Report Date in 2025, additional funding may be needed to continue to fund ongoing administrative costs, exploration and evaluation related expenditures and advancement of the Bethania Silver Project and the Silver Kings Project for the foreseeable future.

Although the expectation is that additional revenues from the operation of the Bethania mine site are to be generated in 2025, the expectation is that there is a requirement for additional spending and time in order to ramp up to the planned 350 tpd mining rate. Kuya Silver is continuing to explore and pursue various potential sources of financing, but there is no certainty that any additional financings will be completed. These factors indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Different basis of measurement may be appropriate if the Company is not expected to continue operations for the near future.

(Expressed in US Dollars)

LIQUIDITY AND CAPITAL RESOURCES (cont'd…)

Use of Proceeds

The below table represents the use of proceeds as from October 31, 2023 to December 31, 2024 compared to the expected expenditures as per the LIFE financing offering documents and the intended purposes of the subsequent financings.

Use of Proceeds
December 31, 2024
USD $'s

	Available funds & financings				Actual spend				
	LIFE[(1)]	FLOW-THROUGH	STRATEGIC INVESTMENT[(2)]	TOTAL	2023	2024	Total	Reclassified[(5)]	TO BE SPENT
Expected use of funds:									
Bethania rehabilitation	$ 135,400	$ -	$ 1,191,200	$ 1,326,600	$ -	$ 1,326,600	$ 1,326,600	$ -	$ -
Silver Kings exploration expenses	-	2,164,500	-	2,164,500	-	1,604,728	1,604,728	-	559,772
General working capital[(3)]	1,580,800	-	-	1,580,800	429,100	1,323,700	1,752,800	172,000	-
Additional operations expense[(4)]	857,700	-	-	857,700	134,000	551,700	685,700	(172,000)	-
	$ 2,573,900	$ 2,164,500	$ 1,191,200	$ 5,929,600	$ 563,100	$ 4,806,728	$ 5,369,828	$ -	$ 559,772

(1) The offering document for the LIFE financing included estimated working capital as at October 31, 2023 which consisted primarily of flow-through funds to be spent on Silver Kings. These amounts are not included in the above table.
(2) The strategic investment includes the first tranche of $230,000 that was referred to as the concurrent offering in the LIFE offering document.
(3) The general working capital includes share issuance costs of $165,000, cash received on exercise of warrants of $105,000, interest earned of $23,600, and timing differences on changes in working capital.
(4) Additional operations expense include Bethania exploration and evaluation costs.
(5) To reflect a reclassification of funds by management as plans and business have evolved, as described in the use of Available Funds section of the November 7, 2023 LIFE Offering Document.

TRANSACTIONS WITH RELATED PARTIES

We have identified the members of our Board of Directors ("Board") and certain senior officers as our key management personnel. The following summarizes the Company's related party transactions with those parties and their spouses during the three months and year ended December 31, 2024 and 2023:

Related Party Transactions	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
Compensation, Management[1]	$ **125,050**	122,588	**495,859**	512,407
Compensation, Directors[2]	**23,234**	23,865	**94,904**	96,318
Share-based compensation, Management[1,3,4]	**40,391**	46,059	**169,992**	188,666
Share-based compensation, Directors[1,3]	**10,366**	14,119	**63,156**	81,587
	$ **199,041**	$ 206,631	**823,911**	878,978

1. The Company's Senior Officers and spouses included above were David Stein, Christian Aramayo, Stephen Peters, Lesia Burianyk, and Angela Vargas.
2. The Company's Independent Directors included above were Andres Recalde, Dale Peniuk, Maura Lendon, and Javier Del Rio.
3. Share-based compensation for management and directors represent the fair value using the Black-Scholes option pricing model of options.
4. Share-based compensation for management also includes the fair value of restricted share units. Restricted share units are recorded at fair value based on the market value on the grant date and charged to profit or loss over the vesting period of the restricted share units.

TRANSACTIONS WITH RELATED PARTIES (cont'd…)

As at December 31, 2024, included in accounts payable and accrued liabilities was $133,858 (December 31, 2023 - $31,049) owing to officers and directors.

In addition to management personnel, we have also identified SICG S.A.C., a company which provides engineering and subcontractor services to our operations in Peru as a related party as this company also provides key management personnel services to Kuya which are included in "Compensation, Management" in the Related Party Transactions table above. During the three months and year ended December 31, 2024, administrative and exploration and evaluation expenditures of $1,225 (2023 - $19,225) and $4,899 (2023 - $83,739) respectively were paid to this entity. As at December 31, 2024, included in accounts payable and accrued liabilities was $7,562 (2023 - $nil).

COMMITMENTS AND CONTINGENCIES

Commitments

During the year ended December 31, 2024, the Company raised flow-through funds and agreed to use its commercially reasonable best efforts to incur qualifying exploration expenditures by December 31, 2025. As at December 31, 2024, the Company was obligated to incur $559,772 (CAD $804,465) in qualifying exploration expenditures.

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 December 31, 2024, the Company has the following contingencies:

MTP withheld an accrued payment of $140,000 due to Compañía Minera San Valentín S.A.C. ("San Valentin") and an arbitration was initiated by San Valentin 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 Valentin 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 December 31, 2024 with respect to San Valentin for penalties, interest and legal fees. San Valentin 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.

(Expressed in US Dollars)

SHARE CAPITAL INFORMATION

The authorized capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at the Report Date, there were no preferred shares issued and outstanding. Balances of the number of common shares, stock options, share purchase warrants, restricted share units, and convertible debentures outstanding from December 31, 2024, to the Report Date are summarized below.

Common shares	
Balance as at December 31, 2024	**107,869,395**
Issued[1,2]	13,511,695
Balance as at Report Date	**121,381,090**

Stock options	
Balance as at December 31, 2024	**3,699,800**
Granted	1,335,000
Exercised	(672,499)
Balance as at Report Date	**4,362,301**

Share purchase warrants	
Balance as at December 31, 2024	**41,260,662**
Expired	(5,066,410)
Balance as at Report Date	**36,194,252**

Restricted share units	
Balance as at December 31, 2024	**725,000**
Granted	500,000
Balance as at Report Date	**1,225,000**

Convertible debentures (CAD $)	
Balance as at December 31, 2024	**836,500**
Converted[3]	(350,000)
Balance as at Report Date	**486,500**

[1] 11,600,000 common shares issued as a result of the closing of three tranches of a private placement in 2025.

[2] 44,290 common shares issued in payment of interest on convertible debentures in 2025.

[3] 1,194,906 common shares on conversion of CAD $350,000 of the convertible debentures in 2025.

CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital Management

The Company defines capital as cash, debt, and the components of shareholders' equity. The Company's objectives when managing capital are to identify, pursue, and complete the exploration and development of its exploration and evaluation assets, to maintain financial strength, to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. 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, 2024.

Off-Balance Sheet Arrangements

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

Financial Instrument Risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at December 31, 2024, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

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

Liquidity risk

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

Market risk

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

CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd…)

Foreign currency exchange risk – This risk relates to any changes in foreign currencies in which the Company transacts. The Company incurs costs for goods and services denominated in currencies other than the presentation currency and is subject to foreign currency risk on assets and liabilities denominated in currencies other than the United States dollar. The effect of a 10% change in the foreign exchange rate on monetary balances held in United States dollar and Peruvian soles accounts would be approximately $58,000 recorded in profit or loss for the year ended December 31, 2024. The effect of a 10% change in the foreign exchange rate on monetary balances held in CAD $ and Peruvian soles accounts would be approximately $92,000 recorded in other comprehensive income or loss for the year ended December 31, 2024.

Interest rate risk – This risk relates to the change in the borrowing rates affecting the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash and convertible debentures. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. Interest owed on convertibles debentures is based on a fixed rate. A 1% increase or decrease in the interest rates would have a nominal impact on interest income (expense) for the year ended December 31, 2024.

Price risk – This risk relates to fluctuations in commodity and equity prices. The Company is exposed to price risk related to the provisional pricing on its revenue earned from sales of concentrate. 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:

<u>Level 1</u>

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.

<u>Level 2</u>

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.

<u>Level 3</u>

Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd…)

Fair value hierarchy (cont'd…)

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and convertible debentures. The fair value of cash, receivables, and accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these financial instruments. As at December 31, 2024, the fair value of convertible debentures approximates its carrying value due to being discounted with a rate of interest that approximates market rate.

RISK FACTORS

Kuya Silver is subject to the usual risks associated with a junior mineral exploration and mining company conducting business internationally and competes for access to financing, specialized third party service providers and human capital against other exploration companies, some of whom may be better capitalized. While Kuya Silver has been successful in raising financing in the past, commencement of underground mining, toll-milling (i.e., processing ore at a third- party mill into saleable concentrate) prior to construction and commissioning of a processing plant, tailings storage facility and related infrastructure, if considered appropriate moving forward, may require substantial additional financing that is not guaranteed.

The Company's operating and capital costs are affected by the cost of commodities and goods such as fuel and supplies, which have been assumed to be available for purchase. It has also been assumed that the Company will have access to the required amount of sufficiently skilled labour as required for operations. Certain factors are outside the Company's control and an increase in the costs of (due to inflation, impacts of the Russia and Ukraine conflict, the potential impact of tariffs, supply chain disruptions or otherwise), or a lack of availability of, commodities, goods and labour may have an adverse impact on the Company's financial condition and results of operations. The current global economic environment has caused significant volatility in foreign exchange rates, which may also have an adverse impact on the Company's financial condition and results of operations.

An investor should carefully consider the following risk factors in addition to the other information contained in this MD&A. The risks and uncertainties below are not the only ones related to the Company. Additional risks and uncertainties of which the Company is not currently aware, or that the Company currently considers to be immaterial, may also impair the Company's business. If any of the following risks materialize, the Company's business may be harmed, and its financial condition and results of operations may suffer significantly. An investment in the Company's common shares is speculative and involves a high degree of risk due to the nature of the Company's business and the present stage of the Company's operations. Investors should not invest in the Company's common shares unless they can afford to lose their entire investment.

RISK FACTORS (cont'd…)

Ability to Obtain Financing

Future exploration and development of, and production from, the Company's mineral properties, including the Bethania Silver Project, the Silver Kings Project, and any new properties in which the Company may acquire an interest, will be dependent on the Company's ability to obtain capital through equity financing and/or debt financing, or to obtain other means of financing. There is no assurance that the Company will be successful in obtaining required financing as and when needed, or on terms and at rates reasonably acceptable to the Company. Volatile precious metals markets may make it difficult or impossible for the Company to obtain financing on favourable terms, or at all. Even if the Company is successful in starting production at the Bethania Silver Project in accordance with its plans, there can be no assurance that the Company will produce concentrate in sufficient quantities to make capital investments (or scheduled debt repayments, if any), and the Company may need to raise capital from other sources. Further, there is no assurance that the Company's future cash flow will be sufficient to fund the Company's operations without requiring any additional capital to meet planned initiatives, and to fund investment, exploration, evaluation, and development activities for the foreseeable future. Any material change in the Company's capital plans could significantly change the cash and working capital required by the Company.

Permits

The Company's activities and plans are subject to obtaining and renewing permits from governmental authorities. Obtaining or renewing the necessary permits is a complex and time-consuming process, with unique features in each jurisdiction, and it can require the Company to consult with various stakeholders and make costly commitments. The success of the Company's efforts to obtain and renew permits, and the length of these processes, depend on many variables beyond the Company's control, including the interpretation of applicable laws and regulations made by the relevant governmental authority. There can be no assurance, in relation to any of the Company's mineral projects, that necessary permits will be obtained by the Company in a timely manner, or at all, or that necessary permits already held by the Company will be maintained in good standing or renewed in a timely manner, or at all. Further, new legislation may contain requirements for permits in addition to those that the Company already holds or is already pursuing. It is also possible that permits previously issued to the Company may be suspended for a variety of reasons, or that the relevant governmental authority may disagree with the Company on the scope, limitations, or meaning of an existing permit or group of related permits. Permits have been granted to the various owners of the Bethania Property since the implementation of the first Peruvian environmental regulations. These permits have been transferred from owner to owner and are now held by MTP, the Peruvian subsidiary of the Company that owns the Bethania Property. The mine area was originally approved in 2009 through a Declaración de Impacto Ambiental (environmental impact statement) (the "DIA"), which addressed the environmental and social impact of the mine and allowed mining operations on the Santa Elena concession. The DIA has been modified several times, most recently in 2017. In December 2020, an application was submitted for further modification of the DIA, in support of the proposed expansion project, and that process is ongoing. In August 2020, the process plant area, tailings storage facility, and associated infrastructure for the proposed expansion project were approved through an Estudio de Impacto Ambiental semidetallado (semi-detailed environmental impact assessment) (the "EIA-sd"), following significant consultation with local stakeholders. The EIA-sd has been registered with the federal Ministry of Energy and Mines ("MEM"), as required. Until May 2021, MTP qualified as a Pequeño Productor Minero (small mining producer) ("PPM"), and accordingly, the Bethania Property was under the jurisdiction of the Dirección Regional de Energía y Minas for the Huancavelica Region ("DREM"), which is an agency of the Huancavelica regional government. As a PPM under the jurisdiction of DREM, MTP enjoyed several advantages over mining companies that are subject to the General Regime administered by federal agencies, including a streamlined permitting process. Following the acquisition of MTP by the Company, MTP lost its PPM status and became subject to the more onerous

RISK FACTORS (cont'd…)

Permits (cont'd)

General Regime, but because MTP initiated certain permitting processes with DREM before losing its PPM status, it was entitled to and managed to complete ongoing processes with DREM. In January 2022, DREM authorized the construction of a process plant with an installed capacity of 350 tonnes per day, and related infrastructure, including a tailings management facility. In addition, DREM granted MTP a processing concession for the intended location of the plant. Similarly, the application to amend the DIA was submitted while MTP still had PPM status, and DREM continues to review that application. Going forward, all new permitting processes for either the mine area or the plant at the Bethania Property will take place at the national level, under the General Regime. In December 2024, DREM issued a resolution to invalidate the construction license, however Kuya Silver has appealed and believes the rationale to be without merit and intends to vigorously defend the Company's position.

The Company believes that it has all the material permits required in the ordinary for underground mining, and start of commercial production at the Bethania mine (Santa Elena mining concession), provided that the Company abides by the approved specifications and does not produce or process more than 350 tonnes of mineralized material per day from the relevant concessions and operations are executed within approved time frames.

Any delay or failure to obtain a new permit or renew an existing permit for the Bethania Silver Project on reasonable terms, or the expiry, suspension, or revocation of any such permit, or any challenge to or rejection of the Company's understanding or interpretation of its existing permits by any governmental authority, or any challenge to the status (including change to the interpretation of permitting regime status, e.g. small miner vs. general regime), validity, or terms of any of the Company's existing permits launched by a third party, could have a material adverse effect on the Company's ability to implement its plans for the Bethania Silver Project, which in turn could have a material adverse effect on the Company's business, operations, and financial condition.

Limited Operating History

The Company is a relatively new company with a limited operating history and no history of mining operations, production, or revenue generation. The Company has yet to generate a profit from its activities in Peru or elsewhere and anticipates that it may take a significant period to achieve positive cash flow from operations. The Company is subject to all the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective.

RISK FACTORS (cont'd…)

Exploration, Development, and Operating Risks

The exploration for, and development of, mineral deposits involve significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. Notwithstanding that the Company owns the Bethania Property, which can be considered a small-scale operating mine, the Company is in the process of exploring other properties in Peru, Canada, and other jurisdictions and few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and determine Mineral Resources and Mineral Reserves, to develop metallurgical processes, and to construct mining and processing facilities at any site. It is impossible to ensure that the Company's exploration and development programs will result in profitable commercial mining operations.

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, processing facilities, and related infrastructure, damage to life or property, environmental damage, and possible legal liability. Although the Company plans to take adequate precautions to manage and minimize risk, processing operations are subject to hazards, such as equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The use of third party mills in the processing of the mineralized ore involve risks that can impact the operations of the Company. Although the Company takes steps to ensure that mills being used to process material are operating at an acceptable standard of quality, poor process control, lack of adherence to specifications, transportation issues, and the prioritization of other clients can have an impact on the results of the Company.

Transportation disruptions in the movement of processed concentrate to the customer can impact the Company's ability to earn income.

Political and Social Risk in Peru

The Bethania Silver Project is in Peru, and the Company's activities in Peru are conducted through Peruvian subsidiaries. Mining is a longstanding and important part of Peru's economy, but it is also controversial. There is an increasing level of public attention and advocacy relating to the real and perceived effect of mining activities. The mining industry in Peru is often criticized for causing environmental damage, harming rural communities, and failing to share, in an equitable manner, the wealth generated by mining with the people who are most affected by mining operations. For these reasons, mining operations in Peru are sometimes the target of protests and blockades by local communities, farmers, and Indigenous groups.

The 2021 presidential election in Peru resulted in the election of Pedro Castillo, who campaigned on a far-left agenda, described the mining industry in negative terms, and pledged to redistribute the economic benefits of mining. The government of Mr. Castillo has come into conflict with the mining industry over its policy announcements, decisions on permitting, and actions in response to protests and blockades. Although the government's stance on the mining industry appears to have moderated somewhat, it continues to pursue reforms that could, if implemented, have a material adverse effect on the Company's business, operations, and financial condition. For example, the Peruvian government has proposed tax reform legislation that would significantly increase the tax burden on mining companies. Pedro Castillo was impeached in December 2022 and replaced by the Vice President.

RISK FACTORS (cont'd…)

Political and Social Risk in Peru (cont'd…)

For the reasons noted above and other reasons, the Company's activities in Peru are subject to various political, economic, and other risks and uncertainties. Risks and uncertainties include, but are not limited to, changing political conditions arising from changes of government and otherwise, renegotiation or nullification of existing concessions, permits, and contracts, changes in taxation policies, restrictions on foreign exchange and repatriation of funds, currency controls, protectionism, expropriation of the Company's assets, labour disruptions, including strikes and work stoppages, conflicts with members of local communities, including protests and blockades of the Company's assets, terrorism, corruption of government officials, high rates of inflation, and civil unrest or war.

The Company is not aware of any significant local opposition to exploration and development of the Bethania Silver Project, but there can be no assurance that it will not arise. Local opposition could arise at any time, and such opposition could be violent. If the Company were to experience resistance or unrest in connection with its Peruvian operations, it could have a material adverse effect on the Company's business, operations, and financial condition. The Bethania Property is close to a small community, and accordingly, the Company's activities in that area must be carried out by experienced local personnel in accordance with a thoughtful stakeholder engagement plan. Social acceptance is an integral part of mineral project development in Peru, and lack of social acceptance poses a serious risk at all stages in the life cycle of a mine.

There can be no assurance that the Company will be successful in fostering and maintaining social acceptance of the Bethania Silver Project, or avoiding the disruptions experienced by other mining companies in Peru. Further, while the Company takes security measures to protect both personnel and property, there is no guarantee that such measures will prove to be adequate or effective. The occurrence of illegal activity against the Company, its personnel, or its assets cannot be accurately predicted and could have a material adverse effect on the Company's operations. The Company's activities in Peru are also subject to extensive laws and regulations governing, among other matters, exploration and development of mines, environmental protection (including biodiversity and water, soil and air quality and use), management and use of toxic substances and explosives, waste management, closure and reclamation, health and safety, labour, human rights, cultural heritage, taxes, restrictions on production, price controls, import and export, taxation, maintenance of claims, tenure, government royalties, and expropriation of property. Official interpretations of existing laws and regulations are subject to change, and the Company's interpretation of any law, rule, or regulation, or the terms of any permit, may differ from the interpretation held by government authorities. To comply with existing laws and future laws, the Company may be required to make significant capital or operating expenditures, or face restrictions on, suspensions of, or delays in development of its properties. There is no guarantee that new constraints on the Company's operations, or additional taxes, will not be imposed, including those that might have significant economic impacts on the Company's operations and financial condition. Further, the legal and regulatory framework in Peru can at times be unclear and inconsistent, and any failure to comply with applicable laws and regulations could lead to, among other things, the imposition of substantial fines, penalties, and sanctions, the revocation of permits, expropriation of assets, forced reduction or suspension of operations, and other civil, regulatory, or criminal proceedings, the extent of which cannot be reasonably predicted. The Company does not carry political risk insurance.

RISK FACTORS (cont'd…)

Fluctuating Metal Prices and Marketability of Metals and Concentrates

The market price of silver and other metals is volatile and affected by many factors beyond the Company's control, including but not limited to international supply and demand, consumer product demand levels, technological innovation, international economic trends, commodity prices, operations costs, variations in mineral grade, currency exchange rate fluctuations, interest rates, the rate of inflation, and regional and global political events. Depending on the price of silver and other metals, the Company may determine that it is impractical to continue its exploration and development, rehabilitation, and mining activities. Sustained downward movements in mineral market prices could render less economic, or uneconomic, some or all of the exploration and development, rehabilitation and mining activities planned or intended by the Company. Further, the marketability of concentrates may be affected by government regulation of royalties, production amounts and quality, storage and transportation of concentrate, and the import and export of minerals or other materials, the effect of which cannot be accurately predicted.

Environmental Factors

The Company's activities are subject to environmental regulation in each jurisdiction in which it operates. Environmental legislation worldwide is evolving in a manner that will result in stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors, and employees. Although the Company works diligently to comply with all environmental laws and regulations that apply to the Company's activities, there can be no assurance that the Company has been or will be in full compliance.

Further, there can be no assurance that any changes in environmental laws and regulations, or the interpretation or enforcement of environmental laws and regulations by any governmental authority, will not adversely affect the Company's operations or financial condition, and a breach of any such laws or regulations could result in fines and penalties. The costs of compliance with existing and future laws and regulations has the potential to reduce the profitability of future operations. Environmental hazards, whether caused by previous owners or operators of the Company's mineral properties, or by the Company itself, may exist on the Company's mineral properties but be unknown to the Company at present.

Exploration and development, rehabilitation, and mining activities at, and the pursuit of commercial production from, the Company's mineral properties may be subject to environmental review processes under environmental assessment legislation. Compliance with any environmental review process may be costly and delay commercial production. Further, there is a risk that the Company would not be able to proceed with commercial production upon completion of the environmental review process, if government authorities do not approve the proposed mine, or if the costs of compliance with applicable laws and regulations adversely affect the commercial viability of the proposed mine.

RISK FACTORS (cont'd…)

Environmental Factors (cont'd…)

Factors beyond the control of the Company, such as delays in environmental review processes, may interfere with the Company's ability to remedy compliance issues inherited from previous owners or operators of the Company's mineral properties in a timely manner, or at all. For example, as noted above under "Permits," in connection with the Company's acquisition of the Bethania Property in December 2020, an application was submitted to DREM for modification of the DIA. The DIA modification set out a detailed proposal for the construction of a water treatment plant at the Santa Elena mining concession, among other infrastructure improvements. Approval of the DIA modification will allow the Company to move forward with the water treatment plant, which is required for lawful discharge of underground mine water, but the application is still under review by DREM. Although the Company has taken all reasonable steps to expedite approval of the DIA modification, in the interest of full compliance with environmental laws and regulations in Peru, the granting of an approval and the timing of such approval cannot be predicted with confidence.

Insurance against certain environmental risks, including potential liability for pollution and other hazards resulting from the disposal of waste products from production, is not generally available to companies within the mining industry. The Company may be materially adversely affected if it incurs losses related to any significant events that are not covered by its insurance policies.

Mineral Resource Estimates are Inherently Uncertain

The Company has a Mineral Resource estimate for the Bethania Silver Project but none of its other mineral properties. Mineral Resource estimates are expressions of judgment based on knowledge, experience, and industry practice. There are numerous uncertainties inherent in estimating Mineral Resources, including many factors beyond the control of the Company, and accordingly, the Bethania Silver Project may yield less mineral production under actual conditions than is currently estimated. In determining whether to advance a development project towards production, the Company must rely upon estimates of the Mineral Resource and grades of mineralization in relation to that project.

Estimates that were valid when made may change significantly upon new information becoming available. Until mineralized zones are mined and processed, Mineral Resources and grades are only estimates based upon geological interpretation and statistical inferences drawn from drilling and sampling, which may prove to be imprecise and unreliable. Further, the Company cannot guarantee that mineral recovery rates achieved in small-scale tests will be duplicated in large-scale tests under on-site conditions or during commercial production.

There can be no assurance that the Mineral Resource estimate for the Bethania Silver Project is accurate or that the actual mineralization can be mined or processed profitably. If the Company encounters mineralization different from what has been predicted by past sampling and drilling, the Mineral Resource estimate for the Bethania Silver Project may need to be adjusted, and mining plans may need to be altered in a way that negatively affects the economic viability of the Bethania Silver Project and its return on capital. The Mineral Resource estimate for the Bethania Silver Project has been determined and valued based on assumptions that may prove to be incorrect. In addition, extended declines in the market price for silver and other metals may render some or all of the mineralization at the Bethania Silver Project uneconomic and adversely affect the Company's ability to conduct commercial operations on a profitable basis.

RISK FACTORS (cont'd…)

Production Decision Without Identified Mineral Reserves

There are no Mineral Reserves at the Bethania Silver Project. The Company decided to proceed with its plan to optimize, expand, and restart commercial production at the Bethania Property based on the preliminary economic assessment published October 20, 2023, but without having completed any feasibility studies. Accordingly, the Company did not base its production decision on any feasibility studies of Mineral Reserves demonstrating economic and technical viability of the Bethania Silver Project. Mineral properties that are placed into production without the benefit of a feasibility study have historically had a higher risk of failure. The Company's preliminary economic assessment includes inferred Mineral Resources, which are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There can be no assurance that the conclusions of the preliminary economic assessment will ever be realized. Further, the absence of Mineral Reserves increases the uncertainty that the mineralization at the Bethania Silver Project can be economically produced, and if so, for what period of time, or that the Bethania Silver Project will be profitable.

Competition

The Company's competition is intense in all aspects of its business. The Company competes with many companies in the mining industry, including large, well-established mining companies with significantly greater financial and technical resources and operational experience. Attractive mineral properties in Peru and Canada with the potential for commercial mining operations are scarce and may not be available on terms that the Company considers acceptable, or at all. As a result, the Company may be unable to compete effectively with other mining companies to acquire desirable mineral properties. Further, the Company's competitors may be able to respond more quickly to new laws and regulations or emerging technologies or devote greater resources to the expansion or efficiency of their operations, than the Company can. In addition, the Company's competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Companies with projects or mines in close proximity to the Bethania Silver Project may have interests that come into operational or legal conflict with ours, including conflicts over shared infrastructure or resources. The Company's inability to successfully compete with other companies would have a material adverse effect on its results of operation and business.

Dependence on Key Personnel

The Company's success depends, in large part, on its ability to attract and retain qualified key management personnel. The number of people skilled in acquisition, exploration, development, and operation of mineral properties is limited, and competition for such people is intense. The Company's growth and viability has depended, and will continue to depend, on the efforts of key personnel and the Company's ability to both retain existing key personnel and attract additional key personnel to financial, administrative, legal, and technical roles within the Company, as well as additional staff for operations in Peru and Canada. The loss of any key personnel, or the inability to recruit new skilled and experienced executives, could increase the Company's recruiting and training costs and decrease the Company's operating efficiency, productivity, and cash flow, which may have a material adverse effect on the Company's development projects, future operations, cash flows, and financial condition. Although the Company has employment agreements or management agreements with its key personnel, it does not have key-man life insurance. The Company provides its key personnel with long-term incentive compensation which generally vests over several years and is designed to retain these individuals and align their interests with those of the Company's shareholders. While the Company believes that it will continue to be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

RISK FACTORS (cont'd…)

Volatility of Share Price

The Company's share price is highly volatile and subject to significant price and volume fluctuations as a result of many factors, some of which are beyond the Company's control, including fluctuations in the market price of silver and other metals, government regulations, performance of the Company's competitors, and general market conditions. Further, capital markets in general, and the market for precious metals producers in particular, have experienced extreme price and volume fluctuations in recent years that have often been unrelated or disproportionate to the operating performance of the companies concerned. These broad market and industry factors, including public perception of the prospects of mining companies in general, may adversely affect the market price of the Company's common shares, regardless of operating performance.

The Company's common shares are also subject to wide price and volume fluctuations arising from the public's reaction to Company announcements, including announcements relating to the Company's prospects, litigation, arrival or departure of key personnel, operating performance, recommendations by research analysts, and the risk factors described herein, all of which can individually or collectively can have a significant detrimental impact on the market price of the Company's common shares. Following periods of volatility in the market price of a company's securities, investors sometimes initiate securities class-action litigation. Any such litigation, if initiated against the Company, could result in substantial costs and a diversion of management's attention, regardless of the merits.

Lack of Dividends

The Company has never declared or paid any dividends on its common shares. The Company intends to retain its future earnings, if any, for the foreseeable future, to finance its exploration and development activities and the further expansion of its business.

Risk of Dilution

Depending on the Company's exploration, development, and capital investment plans, acquisition activities, and operating and working capital requirements, the Company may issue additional shares as a means of raising capital or satisfying its obligations under option agreements or joint venture agreements, or under exploration agreements or impact benefit agreements with Indigenous communities. If the Company is required to issue additional shares or decides to enter into joint venture arrangements in order to raise financing through the sale of shares at prices per share different that than the price paid by investors, investors' interests in the Company will be diluted, and investors may suffer dilution in their net book value per share, depending on the price at which the shares are sold.

The Company's outstanding convertible debentures, which allow for both the conversion into common shares if certain conditions are met and that quarterly interest payments may be paid in common shares at the option of the Company would lead existing shareholders to experience dilution of their ownership interests.

The Company has also granted, and in the future may grant, directors, officers, employees, and consultants, stock options to purchase shares, restricted share units and performance share units, as non-cash incentives, in accordance with the Company's share incentive plan and the policies of the CSE. The issuance of additional shares upon the exercise or vesting of these will cause existing shareholders to experience dilution of their ownership interests.

RISK FACTORS (cont'd…)

Risk of Dilution (cont'd…)

As of the date of this MD&A, the issued and outstanding common shares and stock options, convertible debentures, share purchase warrants, and restricted share units are disclosed in the Share Capital Information section above, with the result that if all stock options, convertible debentures, and future convertible debenture interest, share purchase warrants, and restricted share units were exercised and common shares were issued, they would represent approximately 30% of the Company's issued and outstanding common shares.

Insurance and Uninsured Risks

The business of the Company is subject to various risks and hazards, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, rock bursts, cave-ins, changes in the regulatory environment, and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to mineral properties, production facilities, or equipment, personal injury or death, environmental damage, delayed or interrupted operations, and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, the Company's insurance will not cover all the potential risks associated with its operations, and insurance coverage may not be available, or may not be adequate, to cover any resulting liability. It is not always possible to obtain insurance against all the risks described above, and further, the Company may decide not to insure against certain risks because of high premiums, or for other reasons. Moreover, insurance against risks such as environmental pollution, or other hazards as a result of exploration and development, is not generally available to the Company or other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Foreign Exchange

The Company may be adversely affected by future fluctuations in foreign exchange rates. For example, to the extent the actual Canadian dollar to US dollar exchange rate is less than the exchange rate used in this MD&A, the costs of the Company's future exploration and development, rehabilitation and mining activities at the Bethania Silver Project will increase, and thereby decrease funds available for general and administrative expenses and the Company's available unallocated capital. By way of further example, although the Company's equity financings are generally received in Canadian dollars, expenditures on the Bethania Silver Project are generally expected to be incurred in US dollars and Peruvian soles, and accordingly, fluctuations in the Canadian dollar to US dollar exchange rate, or in the Canadian dollar to Peruvian sol exchange rate, could have a material adverse effect on the Company.

Financial Reporting Standards and Internal Controls

The Company prepares its financial reports and statements in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports and statements, management may need to rely upon assumptions, make estimates, or use its best judgment in determining the financial condition or results of operations of the Company. Significant accounting details are described in more detail in the notes to the Company's annual consolidated financial statements for the year ended December 31, 2024. Although the Company believes its financial reporting and financial statements are reliable, the Company cannot provide absolute assurance in that regard.

RISK FACTORS (cont'd…)

Financial Reporting Standards and Internal Controls (cont'd..)

The Company's failure to maintain effective internal controls over financial reporting could result in the loss of investor confidence in the reliability of its financial statements, result in harm to the Company's business, and negatively impact the trading price of the Company's common shares. In addition, any failure to implement new or improved controls as required, or difficulties encountered in their implementation, could harm the Company's operating results, or cause it to fail to meet its reporting obligations. There can be no assurance that the Company will be able to remediate material weaknesses, if any, identified in future periods, or maintain all the controls necessary for continued compliance, and there can be no assurance that the Company will be able to retain sufficient skilled finance and accounting personnel, especially considering the increased demand for such personnel among publicly traded companies.

Growth Strategy

As part of its growth strategy, the Company continues to seek new acquisition opportunities in Peru, Canada, and elsewhere, including both past-producing mines and exploration and development opportunities, with a focus on silver. As such, the Company may from time to time acquire additional mineral properties or the securities of companies that hold mineral properties. The Company's success at completing acquisitions will depend on numerous factors, including but not limited to identifying acquisitions that fit the Company's strategy, negotiating acceptable terms with the vendor of the business or property to be acquired, and obtaining approval from applicable regulatory authorities. Business or property acquisitions could place increased pressure on the Company's cash flow, if such acquisitions involve cash consideration or the assumption of obligations requiring cash payments. Acquisitions involving large share issuances by the Company would also result in dilution to existing shareholders. (See "Risk of Dilution" above.)

Failure to select appropriate acquisition projects (including failure to properly assess value, strengths, weaknesses, liabilities, risks, and potential profitability), negotiate acceptable arrangements (including financing arrangements), or integrate the acquired businesses and their personnel into the Company may result in unanticipated costs, diversion of management attention from existing businesses and day-to-day operations, loss of key employees, and financial losses.

There can be no assurance that any acquisitions or business arrangements that the Company may pursue will be on favourable terms or ultimately benefit the Company. Acquisitions may involve special risks, circumstances, or legal liabilities, including environmental liabilities. These and other risks related to acquiring and operating acquired companies and properties could have a material adverse effect on the Company's results of operations and financial condition, and the price of the Company's common shares. Further, to acquire companies and properties, the Company may be required to use available cash, incur debt, issue additional securities, enter into off-take, royalty agreements or metal streaming agreements, or a combination of any one or more of these. Such uses could affect the Company's future flexibility and ability to raise capital, operate, explore, and develop its properties, and could dilute existing shareholders and decrease the price of the Company's common shares. Shareholders may have no right to evaluate the merits or risks of any future acquisition undertaken by the Company, save as required by applicable laws.

RISK FACTORS (cont'd…)

Title to Mineral Properties

The acquisition and maintenance of title to mineral properties is a very detailed and time-consuming process. While the Company has carried out reviews of title to its mineral properties in Peru and Canada, this should not be construed as a guarantee that title to such interests will not be challenged or impugned. Title insurance is generally not available for mineral properties, and the Company's ability to ensure that it has obtained secure title may be severely constrained. It may be determined that third parties have valid claims underlying portions of the Company's interests, including overlapping claims, prior unregistered liens, agreements, royalty claims, claims by Indigenous or other local communities, and other encumbrances, and title may be affected by, among other things, undetected defects. If any such challenge is successful, this could have a material adverse effect on the development of the Company's properties as well as its results of operations, cash flows and financial position. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Surface Rights and Access

Although the Company acquires the rights to minerals in the ground subject to the mineral titles that it acquires, in most cases the Company does not automatically acquire any rights to, or ownership of, the surface of the areas covered by those mineral titles. In some jurisdictions, applicable law provides for rights of access to the surface for the purpose of carrying on mining activities, but the enforcement of such rights is costly and time-consuming. It is therefore often necessary to negotiate surface access or purchase the surface rights. There can be no assurance that, despite having the right at law to access the surface and conduct mining activities, the Company will be able to negotiate satisfactory agreements with the owners and occupiers of land, and accordingly, the Company may be unable to carry out planned mining activities. The inability of the Company to access land or obtain required surface rights could have a material adverse effect on the Company's ability to explore and develop mineral properties.

Peruvian law does not vest surface rights with mineral rights, and any proposed development of a mineral property in Peru requires the purchase of surface rights or negotiation of an appropriate access agreement with the owners of the surface rights. The Company has multiple agreements in place with the local community of Bethania for the use of land in relation to the Bethania Silver Project. Although the Company expects to comply with, maintaining, or renew these agreements in the normal course, as applicable, there can be no assurance that the Company will be successful in obtaining and maintaining the land access or surface rights that it requires for the advancement of the Bethania Silver Project.

Force Majeure Events including Pandemics, Natural Disasters and Other Disruptions

The Company's operations may be adversely impacted by factors that are beyond the Company's control including pandemics, natural disasters, labour and social or political disruptions including the outbreak of war. Such factors may not be foreseeable and may significantly adversely affect global economic conditions, the supply and costs of essential materials and services, and currency volatility.

There could be a resurgence of COVID-19, or there could emerge another pandemic, in each case with new and unanticipated effects and that could adversely impact the Company's operations and prospects. See also Pandemics and Communicable Disease below.

RISK FACTORS (cont'd…)

Force Majeure Events including Pandemics, Natural Disasters and Other Disruptions (cont'd..)

Climate change has increased the incidence of natural disasters caused by weather and climate extremes including heatwaves, droughts, forest fires, atmospheric rivers, torrential downpours and flooding. Future incidents could significantly adversely affect the Company's operations or properties. See also Climate Change below.

Other events and factors that are beyond the Company's control but that may have a significant adverse effect on the Company's operations include but are not limited to strikes and labour disruptions and political instabilities including political protests or coups. While the Company works to mitigate the effects of these uncontrollable events, there is no assurance that they will be effective in doing so in future, particularly when multiple events coincide, and they may negatively impact the Company's operations and prospects.

Global Economic Conditions

The Company's operations could be adversely affected by general conditions in the global economy and global financial markets, including such conditions that contribute to inflation, and cause currency fluctuations and market volatility. Recent global financial conditions have been characterized by increased volatility. A severe or prolonged economic downturn could result in a variety of risks to the Company's business, including adversely affecting the Company's ability to raise capital when needed on acceptable terms, or at all, causing the Company to incur costs in excess of the Company's expectations or resulting in the financial instability of companies who supply products or services to the Company. The Company cannot anticipate all the ways in which the current or future economic climate and financial market conditions could adversely impact the Company's business. These conditions are beyond the Company's control and there can be no assurances that any mitigating actions by the Company will be effective. See also Inflation below.

Pandemics and Communicable Disease

Infectious disease, such as COVID-19, may resurge at any time, either globally or in specific countries or regions, due to the emergence of new variants or for other reasons. In addition, there could be entirely new diseases introduced to the environment which could have similar or greater disruptive effects. Any such resurgence or new disease could adversely affect global or local economies, or lead to the renewal of restrictions, either of which could have a material adverse effect on the Company's business. The duration, severity, and geographic spread of any such resurgence or new disease, and its impact on the Company's operations and prospects, cannot be estimated with any degree of certainty.

Climate Change

Many governments have introduced or are moving to introduce climate change legislation and initiatives, whether in fulfillment of international treaty commitments or otherwise. Regulation in respect of emissions (such as carbon taxes) and energy efficiency is becoming more stringent. If the regulatory trend to reduce greenhouse gas emissions continues, compliance may impose additional costs on some of the Company's operations, since diesel fuel or other fossil fuels may be used to power generators and other equipment at the Company's mineral properties.

In addition, the Company's operations could be exposed to various physical risks from climate change, including changes in rainfall rates, reduced water availability, higher temperatures, increased snowfall, and other extreme weather events. Events or conditions such as flooding or drought could disrupt exploration, development, mining, processing, transportation, and rehabilitation activities, create shortages of various resources or commodities, damage the Company's mineral properties or equipment, and increase health and safety risks on site. Such events or conditions could also have adverse effects on the communities around the Company's mineral properties, such as food insecurity, water scarcity, loss or destruction of infrastructure and private property, displacement, and the spread of disease. There can be no assurance that the Company's efforts to mitigate the risks of climate change will be effective or that climate change will not have a material adverse effect on the Company's operations and financial condition.

Inflation

The general rate of inflation impacts the economies and business environments in which the Company operates. Inflation increased significantly in 2022, and price levels remained elevated through 2024 as compared to historical norms. Accordingly, the Company expects that costs of all inputs to the Company's operations, including drilling and supplier costs and general employee and overhead costs, will increase. Increased inflation and any economic conditions resulting from governmental attempts to manage or reduce inflation, such as the imposition of higher interest rates or wage and price controls, may negatively impact the Company's costs, and have an adverse effect on the Company's operations and prospects.

Health and Safety

Mining, like other extractive industries, is subject to potential risks and liabilities due to accidents. Any accident could result in serious injury or death, environmental damage, or damage to Company assets. Further, any accident that occurs on any of the Company's mineral properties, or involves any employee, contractor, consultant, or supplier of the Company, or involves any equipment or other assets owned or operated by the Company, could have a material adverse effect on the Company's financial position, interrupt the Company's exploration and development, rehabilitation, and mining activities, lead to a loss or suspension of existing permits and reduced ability to obtain or renew permits, harm the reputation of the Company, damage the Company's relations with local communities, or reduce the perceived appeal of the Company as an employer or business partner.

The Company's employees, contractors, consultants, and suppliers who work at or visit mineral properties in the performance of their duties are subject to many inherent risks, including but not limited to rock bursts, cave-ins, flooding, electrocution, falls, air quality problems, fire, explosions, hazardous substances, and accidents involving mobile equipment and other machinery. If any such risk were to materialize, it could cause occupational illness, temporary or permanent health issues, personal injuries, or death for an individual or multiple people. The Company strives to mitigate all such risks in compliance with local and international standards, and has implemented various health and safety measures designed for that purpose, including improved risk identification and reporting systems, effective management systems to identify and minimize health and safety risks, health and safety training, and the promotion of enhanced employee commitment and accountability.

RISK FACTORS (cont'd…)

Health and Safety (cont'd)

Such precautions, however, may not be sufficient to eliminate all health and safety risks, and the Company's employees, contractors, consultants, and suppliers may fail to consistently follow the rules and procedures that are in place or take advantage of related resources that are made available by the Company. There can be no assurance that no occupational health and safety incidents will occur, and any incidents that do occur may adversely affect the business of the Company and its future operations. For example, the Company's financial position may be affected by monetary damages, settlements, judgements, fines, penalties, and deductibles or risk retention arising from or relating to any incident.

Information Systems and Cybersecurity

Cybersecurity refers to the combination of technologies, processes, and procedures established to protect an organization's information technology systems and data from unauthorized access, attack, or damage. The Company is subject to cybersecurity risks. Cybersecurity risks have increased significantly in recent years, and while the Company has not experienced any material losses relating to cyberattacks or other information security breaches, it could suffer such losses in the future.

The Company's operations depend, in part, on information technology systems that securely process, maintain, and transmit information critical to the business. In addition, the Company and its third-party service providers collect and store sensitive data in the ordinary course of business, including personal information of the Company's employees, as well as proprietary and confidential business information relating to the Company, and in some cases, the Company's suppliers, investors, joint venture partners, and other stakeholders.

Many organizations, including the Company, make significant and increasing use of, and depend on, electronic data communication and storage, including the use of cloud-based services and personal devices, and accordingly, the Company is exposed to evolving technological risks relating to information. Disruption or damage to, or failure of, the Company's information technology systems may arise from various sources, including but not limited to hacking, computer viruses, malware, ransomware, security breaches, natural disasters, power loss, vandalism, theft, and defects in design. The Company cannot guarantee that it will be successful in securing its electronic information, and there may be instances where the Company is exposed to malware, ransomware, cyberattacks, or other unauthorized access or use of the Company's information.

Any data breach or other improper or unauthorized access or use of the Company's information could have a material adverse effect on the Company's business, and could severely damage the Company's reputation, compromise the Company's network or systems, and result in the loss of sensitive information, the destruction or corruption of data, the misappropriation of assets, incidents of fraud, disruption of the Company's normal operations, and the incurring of additional time and expense to remediate and improve the Company's network and systems. Further, the Company could be subject to legal and regulatory liability in connection with any cyberattack or breach, including potential breaches of laws relating to the protection of personal information. As cyber threats continue to evolve, the Company will be required to expend resources to adopt or enhance protective measures or to investigate and remediate any security vulnerabilities.

RISK FACTORS (cont'd…)

Legal Proceedings

Legal proceedings may be brought against the Company for various reasons. For example, the Company could be sued in relation to its business activities, volatility in its stock price, or failure to comply with its disclosure obligations. Regulatory and other government agencies in Peru, Canada, and other jurisdictions may bring legal proceedings against the Company for the purpose of enforcing applicable laws and regulations, including in relation to securities, tax, and environmental matters. Investigation, defense, and settlement costs can be substantial, even in relation to claims that have no merit, and accordingly, any legal proceedings could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows, or prospects. In addition, legal proceedings may result in significant distraction of the Company's management and other employees.

The Company may become party to disputes governed by the rules of local or international arbitration. The Company may also be the subject of legal claims in Canada in respect of its activities in Peru or another foreign jurisdiction. In the event of a dispute relating to the Company's assets or operations in Peru or another foreign jurisdiction, the Company may be subject to the exclusive jurisdiction of foreign courts, or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company's inability to enforce its rights could have a material adverse effect on its business, financial condition, results of operations, cash flows, or prospects.

Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes, but there can be no assurance that this strategy will be effective.

Reliance on Local Advisors

The Company's most important development project is in Peru. Peruvian legal and regulatory requirements with respect to mineral exploration and mining activities, as well as local business customs and practices, are different from those in Canada. Although certain officers and directors of the Company have significant experience in Peru, and the Company benefits greatly from their expertise, the Company must rely, to some extent, on external legal counsel in Peru, and on external consultants based in Peru, to keep abreast of material legal, regulatory, and governmental developments as they pertain to the Company's business operations, and to assist the Company with its governmental relations efforts. In addition, the Company relies on local experts for advice on banking, financing, labour, and tax matters. There can be no assurance that the Company's reliance on local advisors will result in the Company's full compliance with Peruvian legal and regulatory requirements or success in navigating the Peruvian business environment. Any failure to identify, understand or meet the requirements of doing business in Peru could have a material adverse effect on the Company's business, financial condition, and results of operations.

RISK FACTORS (cont'd…)

Anti-Corruption and Anti-Bribery Laws

The Company's activities in Peru require interactions with a wide range of public officials at various levels of government. These interactions are subject to the Corruption of Foreign Public Officials Act (Canada) ("CFPOA"), as well as anti-corruption and anti-bribery laws in Peru, any breach or violation of which could lead to adverse impacts on the Company's business and financial condition. The CFPOA and similar laws in other jurisdictions generally prohibit companies and their intermediaries, including employees, consultants, contractors, suppliers, and agents, from making improper payments to public officials for the purpose of obtaining or retaining any business advantage. Under the CFPOA, a company may be found liable for violations not only by its employees, but also by its consultants, contractors, suppliers, and other third parties that are acting on its behalf or perceived to be doing so. In recent years, there has been a general increase worldwide in the amount of enforcement and the severity of penalties under anti-corruption and anti-bribery laws, resulting in heightened risk for Canadian companies, like the Company, that are developing mineral projects in Peru.

The Company's Code of Business Conduct and Ethics ("Code"), mandates compliance by the Company and its directors, officers, and employees with the CFPOA and other anti-corruption and anti-bribery laws. There can be no assurance, however, that the Code and any procedures for its enforcement will be effective in ensuring that the Company, its employees, contractors, suppliers, and third-party agents strictly comply with such laws. If the Company, any employee of the Company, or anyone acting on its behalf or perceived to be doing so, is alleged to have violated anti-corruption and anti-bribery laws, in Peru or elsewhere, the Company may be subject to reputational harm, decline in the market price of the Company's common shares, securities class action litigation, investigations and prosecutions by governmental authorities in Canada, legal defense and settlement costs, and distraction of the Company's management and other employees. Any conviction of the Company for violating such laws, or any other official determination that the Company has violated such laws, whether in Canada, Peru, or elsewhere, may have further adverse effects on the Company's business and financial condition, including but not limited to civil and criminal fines and penalties, revocation of mineral rights, loss of permits, and seizure of the Company's assets.

The Canadian Extractive Sector Transparency Measures Act ("ESTMA") requires public disclosure of payments to governments by companies engaged in the commercial development of oil, gas, or minerals that are listed on a Canadian securities exchange or meet certain other criteria. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including Indigenous communities and entities established by multiple governments. ESTMA requires reporting on the payment of any taxes, royalties, fees, production entitlements, bonuses, dividends, and infrastructure improvement payments, and any other prescribed payment over CAD $100,000. Failure to report, false reporting, or structuring payments to avoid reporting, may result in fines of up to CAD $250,000. If the Company becomes subject to an enforcement action under CFPOA or is found to have violated ESTMA, this may result in the imposition of significant penalties, fines, or other sanctions on the Company, reputational harm, and other adverse effects on the Company's business and financial condition.

RISK FACTORS (cont'd…)

Significant Shareholder Risk

As of the date of this MD&A, the Company's officers and directors beneficially own or control, directly or indirectly, approximately 12,687,277 common shares of the Company, which in the aggregate represent approximately 10.45% of the Company's outstanding common shares. As a result, if some or all of these shareholders act together, they may have the ability to control certain matters submitted to the Company's shareholders for approval, including amendments to the Company's articles of incorporation and by-laws and the approval of any business combination. This ability may delay or prevent any acquisition of the Company or cause the market price of the Company's common shares to decline. These shareholders may have interests that differ from other shareholders.

Fluctuation in the Price of Commodities

The prices and availability of commodities or inputs used or consumed in connection with the Company's operations, including but not limited to fuel, electricity, water, and reagents, fluctuate and affect the costs of those operations. These fluctuations can be unpredictable, are beyond the control of the Company, can occur with little or no warning, and may have a material adverse impact on the Company's financial condition and cause delays in the exploration and development of the Company's mineral properties.

Enforcement of Legal Rights Outside Canada

Several of the Company's subsidiaries are organized under the laws of Peru, and some of the Company's directors, officers, managers, and advisors are based in Peru. Given that the Bethania Silver Project is located outside of Canada, and several key individuals associated with the Company are not residents of Canada, investors may have difficulty in effecting service of process within Canada on foreign persons and collecting from or enforcing against foreign persons any judgements obtained by the Canadian courts or Canadian securities regulatory authorities. Similarly, if a dispute arises from the Company's operations in Peru or another foreign jurisdiction, the Company may be subject to the exclusive jurisdiction of the courts of Peru or the applicable foreign jurisdiction or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

Mine Closure Risks

In the future, the Company may be required to close any mine that the Company operates or in the case of Silver Kings, may be required to close old mines that existed on the property prior to acquisition. The key risks for mine closure include, without limitation, long-term management of permanent engineered structures and acid rock drainage, achievement of environmental closure standards, orderly transition or demobilization of employees, contractors, and suppliers, and transfer of the site, with its associated permanent structures and other infrastructure, to new owners or custodians. Successful completion of these tasks will depend on the Company's ability to accurately estimate costs in advance and make provisions for them, negotiate and implement agreements with governmental authorities, local communities, employees, and contractors. The consequences of a difficult closure include but are not limited to costs in excess of the Company's expectations, delays in handing over the site, environmental damage, fines and penalties imposed by governmental authorities, conflicts with local communities, and harm to the Company's reputation, any of which could adversely affect the Company's business and financial position.

RISK FACTORS (cont’d…)

Conflicts of Interest

Certain directors and officers of the Company serve as directors or officers of other companies. Accordingly, a conflict of interest may arise between their duties as directors or officers of the Company and their duties in respect of such other companies. If any such company is evaluating or pursuing a business opportunity that the Company is also evaluating or pursuing, or if any such company has or proposes to enter into an agreement, venture, or business relationship with the Company, or if any such company is in a dispute with the Company, a conflict of interest would arise between their duties as a director or officer of the Company and their duties in respect of such other company.

The Company’s directors and officers are required by the British Columbia Business Corporations Act (“BCBCA”) and the Code to act honestly, in good faith, and in the best interests of the Company and its shareholders. They are aware that the BCBCA contains provisions governing accountability of directors and officers for corporate opportunity and requiring disclosure of conflicts of interest. Where applicable, conflicts of interest involving the Company’s directors and officers will be managed and resolved in the manner set out in the BCBCA, which requires directors and officers to disclose conflicts of interest, and in the case of directors, to refrain from voting on any related matter, unless otherwise permitted under the BCBCA.

There can be no assurance, however, that all conflicts of interest will be identified in a timely manner or at all, or that the interests of the Company will receive priority in every conflict of interest. Further, under certain circumstances, a conflict of interest may expose the Company to liability and impair its ability to achieve its business objectives.

To the best of the Company’s knowledge, there are no conflicts of interest between the Company and any director or officer of the Company, except as disclosed below.

The Company has an agreement with SICG S.A.C. (“SICG”), a Peruvian consulting firm, under which SICG provides strategic advice in relation to the Company’s interests in Peru and performs project management, engineering, and related services for the Bethania Silver Project (the “SICG Agreement”). Christian Aramayo, the COO and a director of the Company, is also a director and minority shareholder of SICG, and Mr. Aramayo’s father, Hector Aramayo, is the founder and principal of SICG. Mr. Aramayo has disclosed his interest in the SICG Agreement to the Board, as required by the BCBCA and the Code. Although the Company is confident that Mr. Aramayo has acted and will continue to act in the best interests of the Company, and the Company does not believe that Mr. Aramayo’s interest in the SICG Agreement poses any risk to, or will have any negative impact on, the Bethania Silver Project or any other aspect of the Company’s business, there can be no assurance that the Company has managed or will in the future manage this issue effectively.

Risk of Loss of Concentrate in Storage or Transit

The Company currently produces concentrates from the Bethania Silver Project by toll-milling and further has responsibility to transport the concentrates to the customer’s site. These concentrates have significant value. Storage and transportation of concentrate give rise to several risks, including but not limited to theft, sabotage, accidents, losses caused by adverse weather conditions, delays in delivery of shipments, and environmental liabilities. Although the Company mitigates the risks to its concentrate, whether in storage or during transportation, through the use of security services and the purchase of insurance there can be no assurance that these measures will be effective, and any theft or loss of concentrate may have a material adverse impact on the Company’s financial position and its relationships with purchasers of concentrate, local communities, and governmental authorities.

RISK FACTORS (cont'd…)

Risk of Loss of Ore in Storage or Transit

The Company currently extracts and stores ore at the Bethania Silver Project site for future transport to toll-milling sites for processing. Storage and transportation of ore gives rise to several risks, including but not limited to theft, sabotage, accidents, losses caused by adverse weather conditions, delays in delivery of shipments, and environmental liabilities. Although the Company mitigates the risks to its ore, whether in storage or during transportation, through the use of security services, there can be no assurance that these measures will be effective, and any theft or loss of ore may have a short term impact on the Company's financial position.

Unauthorized Mining

Illegal mining activities may occur near or and on the Company's mineral properties in Peru. Illegal mining is associated with several negative impacts, including environmental degradation, human rights abuses, and child labour. In addition, substantial illegal mining activities at the Bethania Silver Project or the Company's other mineral properties in Peru may result in the loss of mineralized material, disrupt or delay the Company's operations, and have a material adverse effect on the value or potential value of those properties. It may be difficult for the Company to prevent or control any illegal mining activities on and around its mineral properties. The Company has engaged security personnel and taken other security measures at the Bethania Silver Project to address the issue of illegal mining, but there can be no assurance that these measures will be effective.

ACCOUNTING DISCLOSURES

New Accounting Policies Adopted

IAS 1, Presentation of Financial Statements

Effective January 1, 2024, the Company adopted the amendments to IAS 1 that 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 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 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.

SUBSEQUENT EVENTS

Subsequent to December 31, 2024, the Company:

a) issued 536,842 common shares on conversion of CAD $150,000 ($103,965) face value of the convertible debentures plus accrued interest of CAD $3,000 ($2,079);
b) granted 1,335,000 stock options at a price of CAD $0.315 per common share, vesting 1/3 on grant, 1/3 after one year, and 1/3 after two years, expiring on February 10, 2030; granted 500,000 RSUs, vesting 1/2 after one year and 1/2 after two years;
c) issued 672,499 common shares, for proceeds of CAD $306,208 ($213,367), on the exercise of options;
d) issued 11,600,000 common shares at a price of CAD $0.25 per unit by way of a non-brokered private placement for gross proceeds of CAD $2,900,000 ($2,025,715); and
e) issued 702,354 common shares on conversion of CAD $200,000 ($143,988) face value of the convertible debentures plus accrued interest of CAD $13,730 ($9,891).

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

All statements, other than statements of historical fact, contained or incorporated by reference in this MD&A, including but not limited to any information as to the future financial or operating performance of the Company, constitute "forward-looking information" or "forward-looking statements" within the meaning of certain securities laws, and are based on expectations, estimates and projections as of the date of this MD&A. Forward-looking statements contained in this MD&A include, but are not limited to, those under the headings "Company Overview," "Corporate Update and Outlook" and "Liquidity and Capital Resources," and include, without limitation, statements with respect to: capital requirements and capital expenditures; the Company's working capital needs for the next twelve months, and the availability of financing to meet those needs; the schedules and budgets for the Company's development projects; success of exploration and development activities; project studies; and permitting matters. The words "may," "can," "could," will," "expect," "believe," "plan," "intend," "explore," "estimate," "advance," "future," "target," "goal,", "objective," "possibility," "opportunity," "anticipate," "potential," "ongoing," "next," "pursue," and "continue," and similar words and phrases, and variations of these words and phrases, and statements that certain actions, events or results may, could, should or will be taken, will occur or will be achieved, identify forward-looking statements. Forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business and economic uncertainties and contingencies. The estimates and assumptions of the Company referenced, contained or incorporated by reference in this MD&A, which may prove to be incorrect, include but are not limited to the various assumptions set forth herein, as well as: (1) there being no significant disruptions affecting the operations of the Company, whether due to extreme weather events or other natural disasters, labour disruptions (including but not limited to strikes or workforce reductions), supply disruptions, power disruptions, damage to equipment or disruptions resulting from litigation; (2) permitting for the Company's development projects being consistent with the Company's current expectations including potential claims against the legitimacy of granted permits and the possibility they may be rescinded; (3) advancement of exploration consistent with the Company's expectations at the Company's projects; (4) political and legal developments in any jurisdiction in which the Company operates being consistent with its current expectations including, without limitation, the impact of any political tensions and uncertainty in the

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS (cont'd…)

Republic of Peru or any restrictions or penalties imposed, or actions taken, by any government, including but not limited to potential amendments to customs, tax and mining laws; (5) the completion of studies on the timelines currently expected and the results of those studies being consistent with the Company's current expectations; (6) certain price, volume, production, and timing assumptions related to the generation of revenue from the processing of silver; (7) access to capital markets consistent with the Company's expectations, and sufficient to fund the activities of the Company for the next twelve months; (8) potential direct or indirect operational impacts resulting from infectious diseases or pandemics such as the ongoing COVID-19 pandemic; (9) the effectiveness of preventative actions and contingency plans put in place by the Company to respond to the COVID-19 pandemic, including, but not limited to, social distancing and travel restrictions; and (10) changes in national and local government legislation or other government actions, particularly in response to the COVID-19 pandemic. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: the inaccuracy of any of the foregoing assumptions; fluctuations in the currency markets; fluctuations in the spot and forward price of silver or certain other commodities (such as fuel and electricity); changes in national and local government legislation, taxation, controls, policies and regulations; the security of personnel and assets; political or economic developments in Canada, Peru or other countries in which the Company does business or may carry on business; business opportunities that may be presented to, or pursued by, the Company; operating or technical difficulties in connection with mining or development activities; employee relations; litigation or other claims against, or regulatory investigations and/or any enforcement actions, administrative orders or sanctions in respect of the Company (and/or its directors, officers, or employees) including, but not limited to, securities class action litigation in Canada, environmental litigation or regulatory proceedings or any investigations, enforcement actions and/or sanctions under any applicable anti-corruption, international sanctions and/or anti-money laundering laws and regulations in Canada, Peru or any other applicable jurisdiction; the speculative nature of silver exploration and development including, but not limited to, the risks of obtaining necessary licenses and permits; and contests over title or permits to properties, particularly title or permits for undeveloped properties. In addition, there are risks and hazards associated with the business of silver exploration, development, and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, and flooding (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by this cautionary note and those made in our other filings with securities regulators. These factors are not intended to represent a complete list of the factors that could affect the Company. The Company disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.