KUYA SILVER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEAR ENDED DECEMBER 31, 2021

(Expressed in US Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Kuya Silver Corporation

Opinion

We have audited the accompanying consolidated financial statements of Kuya Silver Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that management estimates additional funding will be required to continue current operations and further advance its existing exploration and evaluation assets in the upcoming year. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Michael MacLaren.

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

April 19, 2022

KUYA SILVER CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)
As at December 31,

		2021		2020
ASSETS				
Current				
Cash	$	2,152,611	$	4,904,562
Receivables		155,145		69,997
Prepaids and advances		129,009		39,178
		2,436,765		5,013,737
Facilities and equipment (Note 7)		231,863		11,426
Exploration and evaluation assets (Note 8)		24,473,974		16,726,267
	$	27,142,602	$	21,751,430
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Notes 9 and 12)	$	1,244,629	$	2,055,290
Obligation to issue shares (Note 8)		400,000		-
Related party loans (Note 12)		-		156,990
		1,644,629		2,212,280
Reclamation provision (Note 8)		2,114,555		51,630
		3,759,184		2,263,910
SHAREHOLDERS' EQUITY				
Share capital (Note 10)		33,172,493		22,837,377
Reserves (Note 10)		1,546,716		1,009,988
Deficit		(11,335,791)		(4,359,845)
		23,383,418		19,487,520
	$	27,142,602	$	21,751,430

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 17)
Subsequent events (Notes 17 and 18)

Approved on behalf of the board by:

/s/ "David Stein"
David Stein, Director

/s/ "Dale Peniuk"
Dale Peniuk, Director

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

KUYA SILVER CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in US Dollars)
For the year ended December 31,

	2021	2020
Property expenses		
Exploration and evaluation expenditures (Notes 8 and 12)	$ 4,208,356	$ 9,008
	(4,208,356)	(9,008)
Administrative expenses		
Administrative costs	43,079	6,709
Consulting fees	89,931	23,457
Directors' fees (Note 12)	91,425	22,632
Filing fees	32,013	35,067
Management fees (Note 12)	237,619	298,230
Marketing and investor relations	303,788	39,596
Office and miscellaneous	383,054	38,615
Professional fees (Note 12)	466,773	251,197
Share-based compensation (Notes 10 and 12)	523,670	326,792
Shareholder communication	13,964	4,489
Transfer agent	9,956	4,206
Travel	209,669	2,277
Wages and benefits (Note 12)	814,819	-
	(3,219,760)	(1,053,267)
Operating loss	(7,428,116)	(1,062,275)
Equity (loss) in CobalTech (Note 6)	(208,172)	-
Foreign exchange gain (loss)	103,542	(172,263)
Gain on write-off of accounts payable and accrued liabilities	514,602	-
Interest income	6,412	12,288
Listing fee (Note 4)	-	(2,455,077)
	416,384	(2,615,052)
Loss for the year	(7,011,732)	(3,677,327)
Other comprehensive income (loss)		
Item that may be reclassified subsequently to profit and loss		
Foreign currency translation adjustment	(138,249)	537,855
Comprehensive loss for the year	$ (7,149,981)	$ (3,139,472)
Loss per common share – basic and diluted	$ (0.17)	$ (0.20)
Weighted average number of common shares outstanding – basic and diluted	42,289,246	18,016,955

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

KUYA SILVER CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in US Dollars)

	Share Capital				
	Number of shares	Amount	Share-based reserves	Foreign currency translation reserves	Deficit	Total
December 31, 2019	6,642,766	$ 3,348,913	$ 559,722	$ -	$ (682,518)	$ 3,226,117
Issuance of common shares for cash (Note 10)	7,942,203	9,807,353	-	-	-	9,807,353
Share issue costs	-	(678,044)	-	-	-	(678,044)
	14,584,969	12,478,222	559,722			
Completion of RTO with Miramont (Note 4):						
Eliminate common shares of Kuya	(14,584,969)	-	-	-	-	-
Post-consolidation common shares, share capital and reserves of Miramont as at October 1, 2020	5,577,322	9,752,502	636,030	-	-	10,388,532
Eliminate pre-acquisition share capital and reserves of Miramont	-	(9,752,502)	(636,030)	-	-	(10,388,532)
Equity issued per RTO with Kuya	26,763,410	3,773,064	-	-	-	3,773,064
Miramont stock options deemed to be issued by Kuya on RTO	-	-	86,297	-	-	86,297
Miramont warrants deemed to be issued by Kuya on RTO	-	-	100	-	-	100
Issuance of common shares on acquisition of MTP (Note 5)	3,929,288	6,084,497	-	-	-	6,084,497
Issuance of common shares on exercise of performance warrants (Note 10)	1,632,076	501,594	(500,778)	-	-	816
Share-based compensation (Note 10)	-	-	326,792	-	-	326,792
Foreign currency translation	-	-	-	537,855	-	537,855
Loss for the year	-	-	-	-	(3,677,327)	(3,677,327)
December 31, 2020	37,902,096	$ 22,837,377	$ 472,133	$ 537,855	$ (4,359,845)	$ 19,487,520

KUYA SILVER CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (cont'd…)

(Expressed in US Dollars)

	Share Capital										
	Number of shares		Amount		Share-based reserves		Foreign currency translation reserves		Deficit		Total
December 31, 2020	37,902,096	$	22,837,377	$	472,133	$	537,855	$	(4,359,845)	$	19,487,520
Issuance of common shares for cash (Note 10)	4,842,650		7,184,875		357,260		-		-		7,542,135
Share issue costs	-		(567,961)		-		-		-		(567,961)
Issuance of common shares on acquisition of CobalTech (Note 6)	1,437,470		2,668,079		-		-		-		2,668,079
Issuance of common shares on acquisition of exploration and evaluation assets (Note 6)	671,141		771,916		-		-		-		771,916
Issuance of common shares on exercise of options (Note 10)	150,000		193,191		(85,289)		-		-		107,902
Issuance of common shares on exercise of performance warrants (Note 10)	276,624		85,016		(84,878)		-		-		138
Options forfeited or expired (Note 10)	-		-		(35,686)		-		35,686		-
Warrants expired (Note 10)	-		-		(100)		-		100		-
Share-based compensation (Note 10)	-		-		523,670		-		-		523,670
Foreign currency translation	-		-		-		(138,249)		-		(138,249)
Loss for the year	-		-		-		-		(7,011,732)		(7,011,732)
December 31, 2021	45,279,981	$	33,172,493	$	1,147,110	$	399,606	$	(11,335,791)	$	23,383,418

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

KUYA SILVER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)
For the year ended December 31,

		2021		2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Loss for the year	$	(7,011,732)	$	(3,677,327)
Adjust for items not involving cash:				
Depreciation		58,824		345
Share-based compensation		523,670		326,792
Equity loss in CobalTech		208,172		-
Unrealized foreign exchange loss (gain)		(88,059)		172,263
Gain on write-off of accounts payable and accrued liabilities		(514,602)		-
Listing fee		-		2,455,077
Change in non-cash working capital items:				
Receivables		(22,883)		(55,145)
Prepaids and advances		(72,131)		(21,809)
Accounts payable and accrued liabilities		(524,949)		84,847
Net cash used in operating activities		(7,443,690)		(714,957)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Investment in and advances to CobalTech (Note 6)		(1,092,861)		-
Additions to facilities and equipment		(281,985)		-
Additions to exploration and evaluation assets (Note 8)		(858,500)		-
Cash acquired through acquisition of CobalTech (Note 6)		7,555		-
Acquisition of MTP (Note 5)		-		(4,191,822)
Deferred acquisition costs		-		(1,383,166)
Net cash used in investing activities		(2,225,791)		(5,574,988)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Proceeds from issuance of share capital		7,650,175		9,808,169
Share issue costs		(567,961)		(678,044)
Proceeds from short term credit facility		-		378,644
Proceeds from related party loans		-		239,341
Repayment of related party loans		(158,012)		(160,792)
Funds received from Miramont (Note 4)		-		1,102,761
Net cash provided by financing activities		6,924,202		10,690,079
Change in cash		(2,745,279)		4,400,134
Effect of foreign exchange on cash		(6,672)		424,350
Cash, beginning of year		4,904,562		80,078
Cash, end of year	$	2,152,611	$	4,904,562

Supplemental cash flow information (Note 13)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Kuya Silver Corporation (the "Company") is a mineral exploration and development company with a focus on acquiring, exploring and advancing precious metal assets in Peru and Canada. Effective October 1, 2020, Kuya Silver Corp. ("Kuya"), a privately held Canadian-based, silver-focused junior mining company, incorporated on August 9, 2017, completed a reverse takeover ("RTO") transaction with Miramont Resources Corp. ("Miramont") (Note 4). Miramont was incorporated on July 15, 2015 under the Business Corporations Act (British Columbia). Pursuant to RTO accounting, these consolidated financial statements reflect the historical financial statements of Kuya, the accounting acquirer, and reflect the RTO transaction as if Kuya acquired Miramont effective October 1, 2020. On completion of the RTO transaction, Miramont, the accounting acquiree, changed its name to Kuya Silver Corporation. The Company's head office and principal address is located at 150 King Street West, Suite 200, Toronto, ON, M5J 1J9. The Company's registered and records office is located at 40440 Thunderbird Ridge, Squamish, BC, V8B 0G1. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol KUYA.

In 2017, Kuya entered into an agreement to purchase 80% of the shares of Minera Toro del Plata S.A.C. (formerly S&L Andes Export S.A.C.) ("MTP"), the company that holds the Bethania mining concession, a former operating silver mine in Peru that was placed on care and maintenance in 2016. In October 2020, the Company reached an agreement to acquire the remaining 20% of MTP and on December 15, 2020, the Company, through its wholly-owned subsidiaries, completed the acquisition of 100% of MTP (Note 5).

In February 2021, the Company entered into an agreement with Electra Battery Metals Corporation ("Electra", formerly known as First Cobalt Corp.) to acquire a portion of their silver mineral exploration assets in the historic Cobalt, Ontario silver mining district, and to form a joint venture on the balance of their silver mineral assets in the district (Note 6).

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company's continuation as a going concern is dependent upon its ability to complete financings sufficient to meet current and future obligations, the successful results from its business activities, and its ability to operate profitably and generate funds. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Although, the Company and Kuya raised capital in the current and previous reporting periods through private placements of its common shares and exercise of stock options and warrants and through Miramont's funds obtained as part of the RTO, management estimates additional funding will be required to continue current operations and further advance its existing exploration and evaluation assets in the upcoming year. These factors indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

1. NATURE OF OPERATIONS AND GOING CONCERN (cont'd…)

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. Since the declaration, the COVID-19 pandemic has adversely affected workforces, economies, and financial markets globally. The spread of COVID-19, as well as the Government efforts to curtail the spread of COVID-19 resulted in temporary travel restriction to Peru and office closures both in Peru and Canada, which made working more challenging, however, disruptions were minimal to our business in 2021. The extent to which COVID-19 may impact the Company's business and operations will depend on future developments that are highly uncertain and cannot be accurately estimated at this time, including new information which may emerge concerning the severity of and the actions required to contain COVID-19 or remedy its impact.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

Approval of the consolidated financial statements

These consolidated financial statements were authorized by the Board of Directors of the Company on April 19, 2022.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value as explained in the significant accounting policies set out in Note 3. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Functional and presentation currency

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, Kuya Silver Corporation, is the Canadian dollar, and the functional currency of each of the Company's subsidiaries is the Canadian dollar. The presentation currency of the Company is the United States ("US") dollar. Canadian dollars are represented by CAD $.

2. BASIS OF PRESENTATION (cont'd…)

Principles of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities which the Company controls, either directly or indirectly, where control is defined as the power to govern an entity's financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that may arise upon the exercise or conversion of non-voting securities are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and they are deconsolidated from the date on which control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

Name of subsidiary	Country of incorporation	Percentage of ownership	Principal activity
CobalTech Mining Inc. ("CobalTech") (Note 6)	Canada	100%	Exploration in Canada
Kuya Silver Inc.	Canada	100%	Holding company
Puno Gold Corporation	Canada	100%	Holding company (inactive)
Minera Toro del Plata S.A.C.	Peru	100%	Exploration in Peru
Kuya Silver S.A.C.	Peru	100%	Holding company
Kuya Servicios Mineros S.A.C.	Peru	100%	Service company
Minera Puno Gold S.A.C.	Peru	100%	Holding company (inactive)
Kuya Silver Panama, S.A.	Panama	100%	Holding company (inactive)

Significant estimates

The preparation of these consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

<u>Valuation of share-based compensation</u>

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

2. BASIS OF PRESENTATION (cont'd…)

Significant estimates (cont'd…)

Accounting for acquisitions

The determination of fair value as of the acquisition date requires management to make certain estimates about future events, including, but not restricted to, fair value of assets including acquired mineral reserves and resources and ore stockpiles, exploration potential, reclamation provisions, future operating costs and capital expenditures, future metal prices, long-term foreign exchange rates and discount rates as well as the determination of fair value of consideration provided.

Estimated reclamation and closure costs

The Company's provision for reclamation and closure cost obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs directly attributable to remediating the liability, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting future cash outflows. Changes in the factors above can result in a change to the provision recognized by the Company. To the extent the carrying value of the related mining property is not increased above its recoverable amount, changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties.

Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements are, but are not limited to, the following:

Carrying value and the recoverability of exploration and evaluation assets

Management has determined that expenditures incurred on exploration and evaluation assets which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities, and existing permits.

Determination of functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment. The Company has determined the functional currency of each entity to be the Canadian dollar.

2. BASIS OF PRESENTATION (cont'd…)

Significant judgments (cont'd…)

Business combinations

Determination of whether a set of assets acquired, and liabilities assumed, constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The transaction between Kuya and Miramont was determined to be an RTO and the acquisition of assets (Note 4). The transaction with MTP was determined to constitute an acquisition of assets (Note 5). The transaction with CobalTech was determined to constitute an acquisition of assets (Note 6).

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Classification of investments as subsidiaries, joint ventures, associated companies or portfolio investments

Classification of investments requires judgement as to whether the Company controls, has joint control of, or has significant influence over the strategic financial and operating decisions relating to the activities of the investee. In assessing the level of control or influence that the Company has over an investee, management considers ownership percentages of the securities of the investee, board representation of the investee as well as other relevant provisions in shareholder or other agreements. If an investor holds or has the ability to hold 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated.

Going concern

The Company has exercised judgment in determining whether its available funds are sufficient to continue operations for 12 months from the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: amortized cost; fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL"). The classification of financial assets depends on the purpose for which the financial assets were acquired and is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Financial assets are classified as current assets or non-current assets based on their maturity date.

The Company's financial assets consist of cash and receivables and are classified as amortized cost.

Financial liabilities

Financial liabilities are designated as: FVTPL; or amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded.

The Company's financial liabilities consist of accounts payable and accrued liabilities and related party loans, which are classified as amortized cost and obligation to issue shares, which is classified as FVTPL.

Impairment of financial assets

An expected credit loss ("ECL") impairment model applies to financial assets classified and measured at amortized cost and contract assets and debt investments classified and measured at FVOCI, but not to investments in equity instruments. The ECL model requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the financial asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the assets, discounted at the assets' original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Construction in progress

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

Facilities and equipment

Facilities and equipment are stated at cost less accumulated depreciation. Depreciation is provided for using the straight-line method over the expected lives of the facilities and equipment as follows:

Facilities and leasehold improvements	2 years
Field equipment	10 years
Vehicles	5 years

Exploration and evaluation assets

The Company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Exploration and evaluation costs on exploration and evaluation assets are recognized in profit or loss. Costs incurred before the Company has obtained the legal rights to explore an area of interest are recognized in profit or loss. All costs related to the acquisition of exploration and evaluation assets are capitalized on an individual prospect basis. Amounts received for the sale of exploration and evaluation assets, for option payments and for exploration advances are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in profit or loss. Costs for a producing property will be amortized on a unit-of-production method based on the estimated life of the mineral reserves and mineral resources. The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation asset costs or recoveries when the payments are made or received. When the option payments received exceed the carrying value of the related exploration and evaluation asset then the excess is recognized in profit or loss in the period the option receipt is recognized. Option receipts in the form of marketable securities are recorded at the quoted market price at the time the securities are received.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the rehabilitation of exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with rehabilitation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized rehabilitation costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss.

Impairment of long-lived assets

At the end of each reporting period, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

Where a previously recognized impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share capital

Common shares

Common shares are classified as shareholders' equity. Incremental costs, net of tax effects, directly attributable to the issue of common shares are recognized as deductions from shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

When warrants expire unexercised, the value previously recorded in reserves is transferred to share capital.

Preferred shares

Preferred shares are classified as shareholders' equity if they are non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends declared thereon are recognized as distributions within equity.

Preferred shares are classified as a financial liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognized as interest expense in profit or loss unless the interest expense meets the criteria for capitalization to the cost of an asset.

Share-based payments

The Company accounts for all grants of share-based payment awards to directors, officers, employees, consultants, and advisors in accordance with the fair value method for accounting for share-based payments. The fair value of options are calculated using the Black-Scholes option pricing model. Share-based payment awards to consultants and advisors, who are not providing similar services as employees, are measured at the grant date by using the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services received cannot be reliably measured and are recorded at the date the goods or services are received.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based payments (cont'd…)

Compensation expense for share-based payments is recognized immediately for past services and pro-rata for future services over the vesting period of the share-based payment. A corresponding increase in reserves is recorded when share-based payments are expensed. When Share-based payment awards are exercised, share capital is credited by the sum of the consideration paid and the related portion of share-based payments previously recorded in reserves. When share-based payment awards expire unexercised or are forfeited, the related portion of share-based payments previously recorded in reserves are transferred to deficit.

Income (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share are calculated by dividing the income (loss) attributable to common shares of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where there is a loss, diluted loss per share is equal to basic loss per share, as the effect would be anti-dilutive. There was no dilutive effect for the years presented.

Income taxes

Deferred tax is generally provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the statement of financial position date. Non-monetary items are translated into Canadian dollars at the exchange rate in effect on the respective transaction dates. Revenues and expenses are translated at average exchange rates for the period, except for depreciation, which is translated on the same basis as the related asset. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the period.

The financial statements of entities that have a functional currency different from that of the Company are translated into Canadian dollars as follows: assets and liabilities at the closing exchange rate at the date of the statement of financial position, and income and expenses at the average exchange rate for the period (as this is considered a reasonable approximation to actual exchange rates). All resulting changes are recognized in other comprehensive income as currency translation differences and taken into a separate component of equity. When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses in accumulated other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses in accumulated other comprehensive income related to the subsidiaries are reallocated between controlling and non-controlling interests.

The translation of the consolidated financial statements to the presentation currency is as follows: assets and liabilities are translated at the exchange rate prevailing at the statement of financial position date and revenue and expenses are translated at average exchange rates for the period, with all resulting exchange differences recognised in other comprehensive income.

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, 2022 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:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards, interpretations and amendments to existing standards not yet effective (cont'd…)

IAS 12, Income Taxes

The amendments will require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning and restoration obligations related to assets in operation. This amendment is effective for financial statements beginning on or after January 1, 2023, with early adoption permitted.

While management does not currently anticipate these amendments having a material effect on the Company's consolidated financial statements for 2022, they may have an effect in periods beyond 2022.

4. REVERSE TAKEOVER TRANSACTION

On June 10, 2020, Miramont, Kuya, and 2757974 Ontario Inc. ("2757974") entered into an amalgamation agreement (the "Amalgamation Agreement"). Pursuant to the Amalgamation Agreement, Miramont agreed to acquire all of the issued and outstanding common shares of Kuya in exchange for common shares of Miramont (the "Transaction"). As described in Note 1, Kuya was a privately held, Canadian based company engaged in the business of mineral exploration and development and had entered into an agreement to acquire an 80% interest in MTP, the company that holds the Bethania Silver property in Peru. 2757974 was a wholly owned subsidiary of Miramont, formed solely for the purpose of facilitating the Transaction. Upon closing of the Transaction, 2757974 and Kuya amalgamated to become Kuya Silver Inc. Under the terms of the Amalgamation Agreement, Miramont and Kuya entered into the Transaction pursuant to Ontario corporate law whereby Miramont would acquire all of the issued and outstanding securities of Kuya for consideration of the issuance of 1.835 Miramont post-consolidation common shares for each Kuya share issued and outstanding (the "Exchange Ratio"). The outstanding securities of Kuya included warrants and other obligations to issue shares of Kuya, which were adjusted by the Exchange Ratio to become warrants and other obligations to issue post-consolidation common shares of the Company. Accordingly, each of the 1,040,167 outstanding warrants of Kuya would be exchanged for 1.835 warrants of the Company and the 2,000,000 shares of Kuya to be issued on closing of the purchase of MTP would be exchanged for 3,670,000 shares of the Company. Outstanding post-consolidation Miramont warrants and options for option holders continuing with the Company retain their existing terms, while outstanding post-consolidation Miramont options for option holders not continuing with the Company vested on closing and the expiry dates were revised to be the earlier of their original expiry dates and one year from closing.

(Expressed in US Dollars)

4. REVERSE TAKEOVER TRANSACTION (cont'd…)

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

For accounting purposes, the Transaction was treated as an RTO. As such, effective as at the date of closing, the fair value of the consideration deemed to be paid by Kuya and the fair value assigned to Miramont's identified assets acquired and liabilities assumed are presented below:

Consideration deemed to be paid by Kuya:		
Fair value of common shares retained by Miramont shareholders		
5,577,323 common shares at CAD $0.90 per share[1]	$	3,773,064
Fair value of Miramont's stock options and warrants deemed to be issued by Kuya [2]		86,397
	$	**3,859,461**
Fair value of Miramont's net assets:		
Cash	$	1,102,761
Receivables		8,572
Prepaids and advances		17,369
Equipment		12,013
Loan receivable from Kuya [3]		376,175
Accounts payable and accrued liabilities		(112,506)
	$	**1,404,384**
Excess recorded as a listing expense	**$**	**2,455,077**

4. REVERSE TAKEOVER TRANSACTION (cont'd…)

(1) the CAD $0.90 per share was the issue price of Kuya's subscription receipts financing after adjusting for the Exchange Ratio.
(2) All outstanding options and warrants of Miramont were deemed to be issued by Kuya as part of the RTO. The fair value of the options for an option holder not continuing with the Company was calculated using the Black-Scholes option pricing model assuming a life expectancy of one year, a risk-free interest rate of 0.24%, a forfeiture rate of nil, and volatility of 95%. The fair value of options for directors, officers and consultants continuing with the Company were calculated using the Black-Scholes option pricing model assuming a life expectancy of 3 years, a risk-free interest rate of 0.25%, a forfeiture rate of nil, and volatility of 137%. The fair value of the warrants was calculated using the Black-Scholes option pricing model assuming a life expectancy of 1/3 of a year, a risk-free interest rate of 0.24%, a forfeiture rate of nil, and volatility of 95%.
(3) Miramont provided a CAD $500,000 credit facility to Kuya that bore interest at 8% per annum and was to be repaid following closing of the Transaction.

5. ACQUISITION OF MTP

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

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

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

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

(Expressed in US Dollars)

5. ACQUISITION OF MTP (cont'd…)

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

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

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

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

MTP did not meet the definition of a business for accounting purposes in accordance with IFRS 3. For accounting purposes, the acquisition was treated as the purchase of an asset. As such, effective as at the date of closing, the fair value assigned to the identified assets acquired and liabilities assumed are presented below:

Cost of acquisition:		
Common shares	$	6,084,497
Cash		4,191,822
Deferred acquisition costs		4,623,213
	$	**14,899,532**
Allocated as follows:		
Receivables	$	6,280
Exploration and evaluation assets		16,755,385
Accounts payable and accrued liabilities		(1,809,688)
Reclamation provision		(52,445)
	$	**14,899,532**

6. ACQUISITION OF COBALTECH

On February 26, 2021, the Company entered into a share purchase and option agreement (the "Purchase Agreement") with Electra, a Canadian public company that owned certain silver mineral exploration assets (the "Kerr Assets"), located in north-eastern Ontario, Canada. On March 1, 2021, the transaction was completed, and the Company paid CAD $1,000,000 ($789,827) and issued a total of 1,437,470 common shares, at a value of $2,668,079 or CAD $2.35 ($1.86) per share, for a total cost of $3,457,906 for 100% of the issued and outstanding common shares and preferred shares of CobalTech. 1,000 class A shares were retained by Electra to facilitate the flow through share expenditure arrangements detailed below.

As part of the Purchase Agreement, Electra agreed to provide CobalTech with CAD $500,000 at the time of closing, for the Company to utilize on flow-through eligible expenditures prior to December 31, 2021. In order to facilitate these flow-through expenditure arrangements, Electra subscribed for 1,000 Class A shares of CobalTech. On closing, Electra maintained ownership of the Class A shares, which granted Electra the ability to appoint a majority of the directors of CobalTech, until such time as the Class A shares are redeemed, as described below. Accordingly, the Company was not considered to have control over CobalTech and instead, was considered to have significant influence over the financial and operating decisions of CobalTech until the Class A shares are redeemed. The Company initially recorded its interest in CobalTech as an equity investment.

The Class A shares were redeemable at the option of CobalTech at a price of CAD $0.001 per Class A share. As a condition of the Purchase Agreement, the Class A shares could not be redeemed until CobalTech incurred CAD $500,000 of flow through eligible expenditures on the mineral properties comprising the Kerr Assets described above. As at September 30, 2021, CobalTech incurred the CAD $500,000 of flow-through eligible expenditures, renounced these flow-through eligible expenditures to Electra and redeemed the Class A shares. As a result, the Company obtained control and consolidated CobalTech effective September 30, 2021.

(Expressed in US Dollars)

6. ACQUISITION OF COBALTECH (cont'd…)

The Company's share of the equity loss of CobalTech from acquisition on March 1, 2021 until consolidation effective September 30, 2021 was $208,172. A reconciliation of the equity investment is as follows:

		CobalTech
Equity investment		
December 31, 2019 and 2020	$	-
Additions		3,457,906
Equity (loss) for the period from acquisition on March 1 to September 29, 2021		(208,172)
Adjustment on currency translation		(9,987)
Adjustment on consolidating CobalTech		(3,239,747)
Total equity investment as at December 31, 2021		-
Advances		
December 31, 2019 and 2020		-
Additions		303,034
Adjustment on currency translation		(18,676)
Adjustment on consolidating CobalTech		(284,358)
Total advances as at December 31, 2021		-
Total equity investment and advances as at December 31, 2021	**$**	**-**

Effective September 30, 2021, CobalTech redeemed the Class A shares held by Electra, thereby providing the Company with control over 100% of the issued and outstanding shares of CobalTech.

CobalTech did not meet the definition of a business for accounting purposes in accordance with IFRS 3. For accounting purposes, the transition from CobalTech being an equity investment to consolidating 100% of CobalTech into the consolidated financial statements of the Company was treated as an asset acquisition. As such, effective on the redemption of the class A shares, the fair value assigned to the identified assets acquired and liabilities assumed are presented below:

Cost of acquisition:		
Equity investment	$	3,239,747
Advances		284,358
	$	**3,524,105**
Allocated as follows:		
Cash	$	7,555
Receivables		61,820
Prepaids and advances		17,703
Exploration and evaluation assets		4,606,463
Accounts payable and accrued liabilities		(7,672)
Reclamation provision		(1,161,764)
	$	**3,524,105**

(Expressed in US Dollars)

7. FACILITIES AND EQUIPMENT

	Construction in progress	Facilities and leasehold improvements	Vehicles	Field equipment	Total
COST					
December 31,2019	$ -	$ -	$ -	$ -	$ -
Additions from Miramont RTO (Note 4)	-	-	-	12,013	12,013
Adjustment on currency translation	-	-	-	(224)	(224)
December 31, 2020	-	-	-	11,789	11,789
Additions	253,464	-	28,521	-	281,985
Transfer	(253,464)	253,464	-	-	-
Adjustment on currency translation	-	(2,556)	(1,061)	41	(3,577)
December 31, 2021	**$ -**	**$ 250,908**	**$ 27,460**	**$ 11,830**	**$ 290,198**
ACCUMULATED DEPRECIATION					
December 31, 2019	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	345	345
Adjustment on currency translation	-	-	-	18	18
December 31, 2020	-	-	-	363	363
Depreciation	-	54,558	2,787	1,479	58,824
Adjustment on currency translation	-	(792)	(40)	(20)	(853)
December 31, 2021	**$ -**	**$ 53,766**	**$ 2,747**	**$ 1,822**	**$ 58,335**
NET BOOK VALUE					
December 31, 2020	$ -	$ -	$ -	$ 11,426	$ 11,426
December 31, 2021	**$ -**	**$ 197,142**	**$ 24,713**	**$ 10,008**	**$ 231,863**

Construction in progress was related to capital costs incurred in connection with constructing buildings and leasehold improvements at an exploration camp at Bethania. No depreciation is recorded on assets under construction. Construction of these facilities were considered completed as at June 30, 2021 and the associated costs were transferred to facilities and leasehold improvements. Deprecation is included in operations and supplies in exploration and evaluation expenditures.

(Expressed in US Dollars)

8. EXPLORATION AND EVALUATION ASSETS

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

Project	**Bethania Silver Project**	**Kerr**	**Silver Kings JV**	**Total**
December 31, 2019	$ -	$ -	$ -	$ -
Additions from acquisition of MTP (Note 5)	16,755,385	-	-	16,755,385
Adjustment on currency translation	(29,118)	-	-	(29,118)
December 31, 2020	16,726,267	-	-	16,726,267
Additions	1,457,500	-	-	1,457,500
Additions from acquisition of CobalTech (Note 6)	-	4,606,463	-	4,606,463
Issuance of common shares	-	-	771,916	771,916
Reclamation provision adjustment	-	904,799	-	904,799
Adjustment on currency translation	8,079	4,440	(5,490)	7,029
December 31, 2021	**$ 18,191,846**	**$ 5,515,702**	**$ 766,426**	**$ 24,473,974**

Bethania Silver Project, Peru

The Company's Bethania Silver Project consists of three properties in the same area of interest, Bethania, Carmelita, and Tres Banderas.

Bethania

On December 15, 2020, the Company completed the acquisition of MTP, whose principal asset is its interest in Bethania. The acquisition value attributed to Bethania was $16,755,385 (Note 5).

As at December 31, 2021, the Company has recorded a reclamation provision in the amount of $46,873 (2020 - $51,630) as an estimate for potential future reclamation and rehabilitation obligations at Bethania, based on activities to date. The estimated costs to be incurred have been adjusted for inflation of 2% and then discounted using current market-based pre-tax discount rate of 5%.

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Bethania Silver Project, Peru (cont'd…)

Carmelita

On May 14, 2021, the Company acquired mining concessions located in the district of Acobambilla, department of Huancavelica, Peru, west of Bethania, known as the Carmelita concessions for a total purchase price of $892,500, consisting of $492,500 in cash and $400,000 in common shares. Upon signing of the agreements, $293,500 was paid and the remaining $199,000 is due on or before May 14, 2022. The $400,000 in common shares in the capital of the Company is due to be issued on November 14, 2022 at a deemed price per common share equal to the 10-day average closing price of the common shares on the CSE, ending on the day prior to issuance.

The $199,000 has been recorded in accounts payable and accrued liabilities (Note 9) and the $400,000 in common shares has been reflected as an obligation to issue shares and classified as a liability since the obligation will be settled with a variable number of shares.

Tres Banderas

The Company has mining concessions located in the in the district of Acobambilla, department of Huancavelica, Peru, south of Bethania, known as the Tres Banderas Concessions. During the year ended December 31, 2021, the Company acquired additional concessions in the district via a sealed-bid auction for total cash payments of $565,000.

Kerr, Canada

On September 30, 2021, the Company commenced consolidating CobalTech, whose principal asset was its interest in the Kerr Project. The acquisition value attributed to the project was $4,606,463 (Note 6).

As at December 31, 2021, the Company has recorded a reclamation provision in the amount of $2,067,682 (2020 - $nil) as an estimate for potential future reclamation and rehabilitation obligations on Kerr, based on the historical activities on the project to date. The estimated costs to be incurred have been adjusted for inflation of 2% and then discounted using current market-based pre-tax discount rate of 1.4%. Subsequent to the closing date of the acquisition of CobalTech, the Company recorded a change in estimate related to the reclamation provision of $904,799 (2020 - $nil), which was recorded as an increase to exploration and evaluation assets.

Silver Kings JV, Canada

The Purchase Agreement with Electra (Note 6) also provides the Company with an option (the "Option") to acquire up to a 70% interest in Electra's remaining silver mineral assets (the "Remaining Assets") in the Cobalt, Ontario area and to form a joint venture.

(Expressed in US Dollars)

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Silver Kings JV, Canada (cont'd…)

On September 1, 2021, the Company issued 671,141 common shares to Electra, valued at $771,916 (CAD $973,154), for the initial earn-in payment under the Option. To fully exercise the Option, the Company must make cash payments totaling CAD $2,000,000 and complete work commitments of CAD $4,000,000, as follows:

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

The Purchase Agreement provides that the Company may issue an equivalent value in common shares of the Company at the 20-day volume-weighted average price in lieu of making the cash payments. Following the completion of the Initial Earn-In payment, the Company and Electra are negotiating the terms of a joint venture agreement for the joint exploration and development of the Remaining Assets.

<u>Exploration and evaluation expenditures</u>

Exploration and evaluation expenditures for the year ended December 31, 2021 are as follows[(1)]:

Project	Bethania Silver Project	Kerr[(1)]	Silver Kings JV	Total
Civil works and engineering	$ 1,458,020	$ -	$ -	$ 1,458,020
Geology and drilling	960,492	23,488	256,726	1,240,706
Operations and supplies	384,821	1,540	32,281	418,642
Property maintenance, licences and rights	50,106	5,824	-	55,930
Safety and environment	91,792	19,328	-	111,120
Value-added tax	594,116	-	-	594,116
Wages and benefits	246,503	-	202,494	448,997
Expense recovery from Electra[(2)]	-	-	(119,175)	(119,175)
Total	$ 3,785,850	$ 50,180	$ 372,326	$ 4,208,356

1) Exploration and evaluation expenditures incurred on Kerr until September 30, 2021 (date of consolidation of CobalTech) are not reflected in this table.

2) consists of expenditures incurred on behalf of Electra that were subsequently reimbursed

(Expressed in US Dollars)

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Exploration and evaluation expenditures (cont'd…)

Exploration and evaluation expenditures for the year ended December 31, 2020 are as follows:

Project		Bethania Silver Project		Total
Civil works and engineering	$	5,102	$	5,102
Operations and supplies		345		345
Property maintenance, licences and rights		3,561		3,561
Total	$	9,008	$	9,008

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2021		December 31, 2020
Accounts payable	$	877,286	$	1,948,198
Carmelita agreement (Note 8)		199,000		-
Accrued liabilities		168,343		107,092
	$	1,244,629	$	2,055,290

10. SHARE CAPITAL

Authorized share capital

The Company's authorized capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at December 31, 2021, the Company had not issued any preferred shares.

Issued share capital

On October 1, 2020, Kuya was deemed to acquire Miramont in an RTO Transaction whereby shareholders of Kuya exchanged their shares at a rate of 1.835 shares of Miramont for each share of Kuya (Note 4). The share capital of each company prior to the RTO Transaction was as follows:

(Expressed in US Dollars)

10. SHARE CAPITAL (cont'd…)

Issued share capital (cont'd…)

	Shares outstanding		Share capital
Miramont			
Balance as at July 31, 2019	5,577,322	CAD $	12,865,352
Warrants expired	-		97,352
Balance as at July 31, 2020 and October 1, 2020	5,577,322	CAD $	12,962,704
Balance as at July 31, 2020 and October 1, 2020	5,577,322	$	9,752,502

	Shares outstanding		Share capital
Kuya			
Balance as at December 31, 2019	6,642,766	$	3,348,913
Issuance of common shares for cash by private placement	7,942,203		9,807,353
Share issue costs	-		(678,044)
Balance as at October 1, 2020	14,584,969	$	12,478,222

(Expressed in US Dollars)

10. SHARE CAPITAL (cont'd…)

Issued share capital (cont'd…)

Subsequent to the RTO Transaction, the share capital of the Company was as follows:

	Shares outstanding		Share capital
The Company			
Miramont balance as at October 1, 2020	5,577,322	$	9,752,502
Eliminate pre-acquisition share capital of Miramont	-		(9,752,502)
Adjust share capital to that of Kuya upon RTO	-		12,478,222
	5,577,322		12,478,222
Equity issued per RTO with Kuya	26,763,410		3,773,064
Issuance of common shares on acquisition of MTP	3,929,288		6,084,497
Issuance of common shares on exercise of warrants	1,632,076		501,594
Balance as at December 31, 2020	37,902,096		22,837,377
Issuance of common shares for cash by private placement	4,842,650		6,616,914
Issuance of common shares on acquisition of CobalTech	1,437,470		2,668,079
Issuance of common shares on acquisition of exploration and evaluation assets	671,141		771,916
Issuance of common shares on exercise of options	150,000		193,191
Issuance of common shares on exercise of performance warrants	276,624		85,016
Balance as at December 31, 2021	45,279,981	$	33,172,493

During the year ended December 31, 2021, the Company issued:

a) 4,842,650 units at a price of CAD $1.90 per unit, on a "bought deal" private placement basis, for total proceeds of $7,542,135 (CAD $9,201,035). Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD $2.60 per common share for a period of 24 months from the date of issue. The 2,421,325 warrants were valued at $357,260. The Company paid a total of $567,961 for fees and other share issue costs.
b) 1,437,470 common shares, valued at $2,668,079, pursuant to the acquisition of CobalTech (Note 6);
c) 671,141 common shares, valued at $771,916, pursuant to the acquisition of Silver Kings JV (Note 8);
d) 150,000 common shares, for proceeds of $107,902, on the exercise of options; and
e) 276,624 common shares, for proceeds of $138, on the exercise of performance warrants.

10. SHARE CAPITAL (cont'd…)

Issued share capital (cont'd…)

During the year ended December 31, 2020, the Company issued:

a) 464,583 common shares of Kuya at a price of $1.20 per share by way of a non-brokered private placement, for total proceeds of $557,500;
b) 7,477,620 common shares of Kuya at a price of CAD $1.65 per share by way of a brokered and a non-brokered private placement, for total proceeds of $9,249,853. Share issue costs of $678,044 were incurred in connection with this financing;
c) 26,763,410 common shares of the Company in exchange for all of the issued and outstanding shares of Kuya (Note 4);
d) 3,929,288 common shares of the Company, valued at $6,084,497, pursuant to the acquisition of MTP (Note 5); and
e) 1,632,076 common shares of the Company, for proceeds of $816, on the exercise of performance warrants.

Escrow shares

Pursuant to the Transaction, 8,869,165 of the Payment Shares are subject to escrow restrictions pursuant to the terms of an Escrow Agreement dated October 7, 2020 and will be released from escrow based upon the passage of time in accordance with the Escrow Agreement, such that 10% of the securities were released on October 7, 2020 and the remaining escrowed securities will be released in six tranches of 15% every six months thereafter. As at December 31, 2021, there are 5,321,498 (2020 - 7,982,249) shares held in escrow.

Stock options

The Company has a shareholder-approved rolling stock option plan under which the Board of Directors ("Board") may, from time to time in its discretion, grant options to acquire common shares of the Company to its directors, officers, employees, consultants and advisors. The number of shares reserved for issuance under the plan may not exceed 10% of the number of issued and outstanding common shares of the Company. The exercise price of each option is determined by the Board but shall not be less than the market price of the Company's shares on the date prior to the date of grant less any discounts permitted by the CSE under its policies. The options may be granted for a maximum term of 10 years and are subject to such vesting provisions as may be determined by the Board. Kuya did not have a stock option plan and, accordingly, did not previously grant any options.

During the year ended December 31, 2021, the Company granted 625,000 (2020 - 920,000) stock options with a fair value of $533,071 (2020 - $550,781) using the Black-Scholes option pricing model assuming a life expectancy of 4.5 years (2020 - 5.0 years), a risk- free interest rate of 0.88% (2020 - 0.35%), a forfeiture rate of nil (2020 - nil), and volatility of 93% (2020 - 128%).

During the year ended December 31, 2021, the Company expensed $523,670 (2020 - $300,858) for the fair value of vesting options, which was recorded in share-based compensation.

(Expressed in US Dollars)

10. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

During the year ended December 31, 2021, 150,000 (2020 - nil) incentive stock options were exercised; accordingly, the $85,289 (2020 - $nil) fair value associated with the options was reclassified from reserves to share capital.

During the year ended December 31, 2021, 155,000 (2020 - nil) incentive stock options were forfeited or expired in accordance with their terms; accordingly, the $35,686 (2020 - $nil) of share-based compensation expense associated with the forfeited or expired stock options that had vested was reclassified from reserves to deficit.

Prior to the RTO Transaction, option transactions of Miramont were as follows:

	Number of options		Weighted average exercise price (in CAD)
Miramont			
Balance as at July 31, 2019	344,833	$	3.86
Forfeited	(42,333)		3.89
Balance as at July 31, 2020 and October 1, 2020	302,500	$	3.86

Prior to the RTO Transaction, Kuya had not granted any options.

Subsequent to the RTO Transaction, option transactions of the Company are summarized as follows:

	Number of options		Weighted average exercise price (in CAD)
Balance as at October 1, 2020	302,500	$	3.86
Granted	920,000		0.90
Balance as at December 31, 2020	1,222,500		1.63
Granted	625,000		1.69
Forfeited	(155,000)		2.98
Exercised	(150,000)		0.90
Balance as at December 31, 2021	1,542,500	$	1.59

(Expressed in US Dollars)

10. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

As at December 31, 2021, the Company had outstanding options enabling the holder to acquire common shares as follows:

Number of options	Number of exercisable options		Exercise price (in CAD)	Weighted average remaining life (years)	Expiry date
30,000	30,000	$	3.70	1.18	March 6, 2023
125,000	125,000	$	3.75	1.38	May 17, 2023
100,000	100,000	$	1.55	1.48	June 24, 2023
62,500	62,500	$	4.15	2.14	February 21, 2024
770,000	556,667	$	0.90	3.75	October 1, 2025
275,000	91,667	$	1.55	4.48	June 24, 2026
180,000	60,000	$	1.90	4.48	June 24, 2026
1,542,500	1,025,834				

Share purchase warrants

Miramont's outstanding warrants at the time of the RTO, for accounting purposes, were deemed to be issued by Kuya as part of the RTO Transaction (Note 4).

Prior to the RTO Transaction, share purchase warrant transactions of each company were as follows:

	Number of warrants		Weighted average exercise price (in CAD)
Miramont			
Balance as at July 31, 2019	2,451,207	$	4.57
Expired	(1,971,542)		4.46
Balance as at July 31, 2020 and October 1, 2020	479,665	$	5.00

(Expressed in US Dollars)

10. SHARE CAPITAL (cont'd…)

Share purchase warrants (cont'd…)

	Number of warrants		Weighted average exercise price
Kuya			
Balance as at December 31, 2019	6,724	$	1.00
Expired	(6,724)		1.00
Balance as at October 1, 2020	-	$	-

Subsequent to the RTO Transaction, the continuity of share purchase warrants of the Company was as follows:

	Number of warrants		Weighted average exercise price (in CAD)
Balance as at October 1, 2020 and December 31, 2020	479,665	$	5.00
Issued	2,421,325		2.60
Expired	(479,665)		5.00
Balance as at December 31, 2021	2,421,325	$	2.60

As at December 31, 2021, the Company had outstanding share purchase warrants enabling the holder to acquire common shares as follows:

Number of share purchase warrants		Exercise price (in CAD)	Weighted average remaining life (years)	Expiry date
2,421,325	$	2.60	1.46	June 16, 2023
2,421,325				

(Expressed in US Dollars)

10. SHARE CAPITAL (cont'd…)

Performance warrants

Performance warrants were granted by Kuya in fiscal 2018 and each warrant entitled the holder to purchase one common share at a price of $0.0005 per share and were exercisable on completion of the Company's 80% acquisition of MTP, effective December 15, 2020 (Note 5).

During the year ended December 31, 2021, 276,624 (2020 - 1,632,076) performance warrants were exercised; accordingly, the $84,878 (2020 - $500,778) issue-date fair value associated with the warrants was reclassified from reserves to share capital.

During the year ended December 31, 2021, the Company expensed $nil (2020 - $25,934), related to performance warrants, which was recorded in share-based compensation.

Prior to the RTO Transaction, performance warrants transactions of each company were as follows (prior to the RTO Transaction, Miramont had not granted any performance warrants):

	Number of warrants		Weighted average exercise price
Kuya			
Balance as at December 31, 2019 and October 1, 2020	1,040,167	$	0.001

Subsequent to the RTO, the performance warrants of the Company were as follows:

	Number of warrants		Weighted average exercise price
The Company			
Balance as at October 1, 2020	1,040,167	$	0.001
Adjusted by the RTO Exchange Ratio (Note 4)	868,533		-
Exercised	(1,632,076)		0.0005
Balance as at December 31, 2020	276,624		0.0005
Exercised	(276,624)		0.0005
Balance as at December 31, 2021	-	$	-

(Expressed in US Dollars)

11. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

		Year ended December 31, 2021		Year ended December 31, 2020
Loss before income taxes	$	(7,011,732)	$	(3,677,327)
Expected income tax recovery	$	(1,858,000)	$	(974,000)
Change in statutory, foreign tax, foreign exchange rates and other		117,000		(37,000)
Permanent differences		594,000		809,000
Impact of reverse takeover and acquisition of subsidiary		(1,735,000)		(995,000)
Share issue costs		(146,000)		-
Adjustment to prior years provision versus statutory tax returns		(157,000)		(612,000)
Change in unrecognized deferred tax assets		3,185,000		1,809,000
Income tax expense (recovery)	$	-	$	-

The significant components of the Company's unrecognized deferred income tax assets are as follows:

		2021		2020
Exploration and evaluation assets	$	1,100,000	$	456,000
Property and equipment		9,000		-
Share issue costs		125,000		23,000
Non-capital losses		3,878,000		1,448,000
		5,112,000		1,927,000
Unrecognized deferred tax assets		(5,112,000)		(1,927,000)
Net deferred tax assets	$	-	$	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

		2021	Expiry date range
Exploration and evaluation assets	$	2,025,000	N/A
Property and equipment	$	31,000	N/A
Share issue costs	$	472,000	2022 to 2025
Non-capital losses	$	14,372,000	2033 to 2041

Tax attributes are subject to review and potential adjustments by tax authorities.

(Expressed in US Dollars)

12. RELATED PARTY TRANSACTIONS

The Company considers key management personnel to consist of its directors and officers. The following expenses were incurred in transactions with key management personnel:

	Year ended December 31, 2021	Year ended December 31, 2020
Directors' fees	$ 87,787	$ 22,632
Management fees	93,736	171,294
Professional fees	20,642	10,063
Share-based compensation	347,701	135,890
Wages and benefits	281,617	-
	$ 831,483	$ 339,879

During the year ended December 31, 2021, administrative and exploration and evaluation expenditures of $237,356 (2020 - $nil) were paid or accrued to an other related entity, which provides engineering and subcontractor services for the Bethania Silver Project.

As at December 31, 2021, included in accounts payable and accrued liabilities was $19,643 (2020 - $170,878) owing to officers and directors.

During the year ended December 31, 2021, a director was repaid $158,012 (2020 - $160,792) for advances made to Kuya in prior years (in the form of shareholder loans); no amounts were advanced to the Company in during the year ended December 31, 2021 (2020 - $239,341). These unsecured loans were due on demand and bore no interest. As at December 31, 2021, the balance of these shareholder loans was $nil (2020 - $156,990).

(Expressed in US Dollars)

13. SUPPLEMENTAL CASH FLOW INFORMATION

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

		Year ended December 31, 2021		Year ended December 31, 2020
Share issue costs included in accounts payable and accrued liabilities	$	-	$	1,814
Reclassification of reserves to share capital on exercise of options		85,289		-
Reclassification of reserves to share capital on exercise of warrants		84,878		500,778
Reclassification of reserves to deficit on expiry of options		35,686		-
Reclassification of reserves to deficit on expiry of warrants		100		-
Fair value of warrants issued in private placement		357,260		-
Shares issued on acquisition of CobalTech (Note 6)		2,668,079		-
Shares issued on acquisition of exploration and evaluation assets (Note 8)		771,916		-
Shares issued on RTO with Miramont (Note 4)		-		3,773,064
Shares issued on acquisition of MTP (Note 5)		-		6,084,497
Obligation to issue shares for Carmelita concessions (Note 8)		400,000		-
Cost of Carmelita concessions included in accounts payable and accrued liabilities (Note 8)		199,000		-
Reclamation provision adjustment		904,799		-
Reclassification of deferred acquisition costs to acquisition of MTP (Note 5)		-		4,623,213

14. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment being the acquisition and exploration of exploration and evaluation assets located in Canada and Peru. Geographic information is as follows:

		Canada		Peru		Total
As at December 31, 2021						
Exploration and evaluation assets	$	6,282,128	$	18,191,846	$	24,473,974
Other assets		2,253,370		415,258		2,668,628
Total assets	$	8,535,498	$	18,607,104	$	27,142,602
For the year ended December 31, 2021						
Loss	$	(2,794,201)	$	(4,217,531)	$	(7,011,732)

(Expressed in US Dollars)

14. SEGMENTED INFORMATION (cont'd…)

	Canada	Peru	Total
As at December 31, 2020			
Exploration and evaluation assets	$ -	$ 16,726,267	$ 16,726,267
Other assets	4,984,141	41,022	5,025,163
Total assets	$ 4,984,141	$ 16,767,289	$ 21,751,430
For the year ended December 31, 2020			
Loss	$ (3,659,275)	$ (18,052)	$ (3,677,327)

15. 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, 2021, 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. The Company has sufficient cash as at December 31, 2021 to settle its current liabilities as they come due, however, management estimates additional funds are required to continue current operations for the upcoming twelve months (Note 1).

15. FINANCIAL INSTRUMENT RISK (cont'd…)

Market risk

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

Foreign currency exchange risk

This risk relates to any changes in foreign currencies in which the Company transacts. The Company incurs costs for goods and services denominated in currencies other than the presentation currency and is subject to foreign currency risk on assets and liabilities denominated in currencies other than the United States dollar. The effect of a 10% change in the foreign exchange rate on monetary balances held in USD dollar and soles accounts would be approximately $85,000 recorded in profit or loss for the year ended December 31, 2021. The effect of a 10% change in the foreign exchange rate on monetary balances held in CAD dollar and soles accounts would be approximately $125,000 recorded in other comprehensive income or loss for the year ended December 31, 2021.

Interest rate risk

This risk relates to the change in the borrowing rates of the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% increase or decrease in the interest rates would have a nominal impact in interest income for the year ended December 31, 2021.

Price risk

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

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

Fair value hierarchy

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

Level 1

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

15. FINANCIAL INSTRUMENT RISK (cont'd…)

Fair value hierarchy (cont'd…)

Level 2

Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3

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

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, related party loans, and obligation to issue shares. The fair value of these financial instruments approximates their carrying values. Obligation to issue shares is measured at fair value using level 1 inputs.

16. 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, 2021.

17. COMMITMENTS AND CONTINGENCIES

Commitments

As at December 31, 2021, the Company has a commitment to pay a monthly fee of $5,000 for advisory services to one of the former shareholders of MTP, who, as a result of the Share Purchase Agreement, is now a shareholder of the Company. This commitment remains in place for as long as this shareholder maintains a share ownership position of more than five percent of the Company.

17. COMMITMENTS AND CONTINGENCIES (cont'd…)

Contingencies

As at December 31, 2021, the Company has the following contingency: in 2018, MTP filed an arbitral claim against Compañía Minera San Valentín S.A.C. ("San Valentin") before the Lima Chamber of Commerce ("Chamber") in the amount of $904,856, alleging underpayment from toll milling services. Subsequent to December 31, 2021, the Chamber dismissed this arbitral claim. MTP withheld an accrued payment of $140,000, due to San Valentin. An arbitration was initiated by San Valentin against the Company before the Chamber. 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 towards the settlement. There is currently $46,403 included in accounts payable and accrued liabilities as at December 31, 2021 with respect to San Valentin.

18. SUBSEQUENT EVENTS

Subsequent to December 31, 2021, the Company:

a) granted 150,000 stock options at a price of $0.94 per common share, vesting on grant date, expiring on January 31, 2027; and
b) granted 427,500 stock options at a price of $0.94 per common share, vesting 1/3 on grant, 1/3 after one year, and 1/3 after two years, expiring on January 31, 2027.