KUYA SILVER CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025

(Expressed in US Dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

KUYA SILVER CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)
(Unaudited)
As at

		June 30, 2025		December 31, 2024
ASSETS				
Current				
Cash	$	243,418	$	765,565
Trade receivables		759,259		-
Prepaids and advances		162,582		60,818
Inventories (Note 4)		555,262		82,850
Other receivables		311,988		376,086
		2,032,509		1,285,319
Facilities and equipment (Note 5)		125,036		97,595
Exploration and evaluation assets (Note 6)		23,518,827		22,341,683
	$	25,676,372	$	23,724,597
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Notes 7 and 11)	$	1,428,341	$	1,364,694
Convertible debentures (Note 8)		111,122		457,827
Flow-through share premium (Note 9)		-		139,943
		1,539,463		1,962,464
Reclamation provision (Note 6)		1,811,764		1,695,352
		3,351,227		3,657,816
SHAREHOLDERS' EQUITY				
Share capital (Note 9)		50,480,435		47,698,391
Reserves (Notes 8, 9, and 10)		710,024		(397,841)
Deficit		(28,865,314)		(27,233,769)
		22,325,145		20,066,781
	$	25,676,372	$	23,724,597

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 17)
Subsequent events (Notes 9 and 18)

Approved on behalf of the board by:

/s/ "David Stein"
David Stein, Director

/s/ "Eugene C. McBurney"
Eugene C. McBurney, Director

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

KUYA SILVER CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE INCOME (LOSS)
(Expressed in US Dollars)
(Unaudited)

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Revenue				
Revenue from sale of concentrate	$ 1,163,673	$ -	$ 1,389,670	$ -
Transportation, refining and other charges	(467,989)	-	(467,989)	-
	695,684	-	921,681	-
Property expenses				
Exploration and evaluation expenditures (Notes 6 and 11)	410,033	906,759	1,508,378	1,431,601
	(410,033)	906,759	(1,508,378)	(1,431,601)
Administrative expenses				
Administrative costs	25,728	25,847	51,907	53,212
Consulting fees (Note 11)	-	4,135	-	4,135
Directors' fees (Note 11)	24,395	24,652	47,903	49,666
Filing fees	9,301	6,919	16,193	15,622
Management fees	15,168	15,345	29,800	30,914
Marketing and investor relations	55,197	63,445	85,204	158,940
Office and miscellaneous	112,448	23,087	182,328	102,295
Professional fees (Note 11)	118,642	78,538	176,447	146,655
Share-based compensation (Notes 9 and 11)	72,118	64,202	199,228	151,677
Shareholder communication	2,811	3,723	4,100	6,666
Transfer agent	8,772	5,831	10,743	7,707
Travel	5,317	70,884	23,191	143,480
Salaries and benefits (Note 11)	161,513	160,933	329,320	314,559
	(611,410)	(547,541)	(1,156,364)	(1,185,528)
Operating loss	(325,759)	(1,454,300)	(1,743,061)	(2,617,129)
Accretion expense (Note 6)	(14,465)	(13,232)	(44,772)	(26,658)
Foreign exchange gain	30,426	3,387	9,525	425
Interest income	3,551	-	4,067	-
Recognition of flow-through share premium (Note 8)	23,688	14,974	142,696	24,701
	43,200	5,129	111,516	(1,532)
Loss for the period	(282,559)	(1,449,171)	(1,631,545)	(2,618,661)

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

KUYA SILVER CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE INCOME (LOSS) (cont'd…)
(Expressed in US Dollars)
(Unaudited)

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Other comprehensive income (loss)				
Item that may be reclassified subsequently to profit and loss				
Foreign currency translation adjustment	1,101,465	(224,022)	1,123,467	(749,525)
Comprehensive income (loss) for the period	$ 818,906	$ (1,673,193)	$ (508,078)	$ (3,368,186)
Loss per common share – basic and diluted	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	121,362,844	98,927,617	115,432,864	96,108,611

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

KUYA SILVER CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in US Dollars)
(Unaudited)

	Share Capital										
	Number of shares		Amount		Share-based reserves		Foreign currency translation reserves		Deficit		Total
December 31, 2023	92,922,899	$	44,177,779	$	1,996,386	$	(488,580)	$	(21,210,951)	$	24,474,634
Issuance of units for cash (Note 9)	10,474,991		2,785,306		-		-		-		2,785,306
Flow-through share premium (Note 9)	-		(455,934)		-		-		-		(455,934)
Share issue costs (Note 9)	-		(95,745)		-		-		-		(95,745)
Issuance of common shares for share issue costs (Note 9)	267,907		70,353		-		-		-		70,353
Issuance of common shares on settlement of restricted share units (Notes 9 and 10)	437,500		130,677		(130,677)		-		-		-
Issuance of common shares on exercise of warrants (Note 9)	398,432		110,051		(4,103)		-		-		105,948
Options forfeited or expired (Note 10)	-		-		(22,817)		-		22,817		-
Warrants expired (Note 9)	-		177,921		(179,492)		-		1,571		-
Share-based compensation (Note 10)	-		-		151,677		-		-		151,677
Foreign currency translation	-		-		-		(749,525)		-		(749,525)
Loss for the period	-		-		-		-		(2,618,661)		(2,618,661)
June 30, 2024	104,501,729		46,900,408		1,810,974		(1,238,105)		(22,805,224)		23,668,053
Issuance of common shares on settlement of restricted share units (Notes 9 and 10)	412,500		82,307		(82,307)		-		-		-
Issuance of common shares on conversion of convertible debentures (Notes 8 and 9)	2,005,166		331,787		-		-		-		331,787
Issuance of common shares on exercise of warrants (Note 9)	950,000		265,624		(7,020)		-		-		258,604
Debt unit warrants (Note 8)	-		-		128,304		-		-		128,304
Warrants expired (Note 9)	-		118,265		(118,265)		-		-		-
Share-based compensation (Note 10)	-		-		147,696		-		-		147,696
Foreign currency translation	-		-		-		(1,039,118)		-		(1,039,118)
Loss for the period	-		-		-		-		(3,428,545)		(3,428,545)
December 31, 2024	107,869,395	$	47,698,391	$	1,879,382	$	(2,277,223)	$	(27,233,769)	$	20,066,781

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

KUYA SILVER CORPORATION

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

(Expressed in US Dollars)

(Unaudited)

	Share Capital									
	Number of shares		Amount		Share-based reserves		Foreign currency translation reserves		Deficit		Total
December 31, 2024	107,869,395	$	47,698,391	$	1,879,382	$	(2,277,223)	$	(27,233,769)	$	20,066,781
Issuance of units for cash (Note 9)	11,600,000		2,025,714		-		-		-		2,025,714
Share issue costs (Note 9)	-		(77,476)		-		-		-		(77,476)
Issuance of common shares on conversion of convertible debentures (Notes 8 and 9)	2,176,222		405,609		-		-		-		405,609
Issuance of common shares on exercise of options (Note 9)	672,499		387,667		(174,300)		-		-		213,367
Warrants expired (Note 9)	-		40,530		(40,530)		-		-		-
Share-based compensation (Note 10)	-		-		199,228		-		-		199,228
Foreign currency translation	-		-		-		1,123,467		-		1,123,467
Loss for the period	-		-		-		-		(1,631,545)		(1, 631,545)
June 30, 2025	122,318,116	$	50,480,435	$	1,863,780	$	(1,153,756)	$	(28,865,314)	$	22,325,145

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

KUYA SILVER CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)
(Unaudited)

		Six months ended June 30, 2025		Six months ended June 30, 2024
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Loss for the period	$	(1,631,545)	$	(2,618,661)
Adjust for items not involving cash:				
Depreciation		7,704		682
Accretion expense		44,772		26,658
Share-based compensation		199,228		151,677
Recognition of flow-through share premium		(142,696)		(24,701)
Interest expense		21,435		-
Unrealized foreign exchange gain		53,056		(107,853)
Change in non-cash working capital items:				
Receivables (Trade and other)		(654,167)		(67,282)
Prepaids and advances		(95,470)		4,217
Inventories		(453,368)		-
Accounts payable and accrued liabilities		(7,997)		100,309
Net cash used in operating activities		(2,659,046)		(2,534,954)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Additions to facilities and equipment		(29,303)		(97,436)
Net cash used in investing activity		(29,303)		(97,436)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Proceeds from issuance of share capital		2,239,081		2,891,254
Share issue costs		(77,476)		(65,462)
Net cash provided by (used in) financing activities		2,161,605		(2,825,792)
Change in cash		(526,744)		193,402
Effect of foreign exchange on cash		4,597		6,085
Cash, beginning of period		765,565		2,650,187
Cash, end of period	$	243,418	$	2,849,674

Supplemental cash flow information (Note 12)

The accompanying notes are an integral part of these condensed interim 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, the Company also holds 5% interest in Umm Hadid Project in Saudi Arabia, with the option to acquire an additional 40% until April 2027 (Note 6).

During the year ended December 31, 2024 and the six months ended June 30, 2025, the Company executed on its strategic plans to rehabilitate the Bethania Silver Project in Peru with the objective of moving the mine towards development. However, as at June 30, 2025, the Company does not yet consider the project to be in the development phase, as contemplated under IFRS Accounting Standards ("IFRS").

The Company was incorporated on July 15, 2015 under the Business Corporations Act (British Columbia). The Company's head office and principal address is located at 150 King Street West, Suite 200, Toronto, ON, M5J 1J9. The Company's registered and records office is located at 2054 Dowad Drive, Squamish, BC, V8B 0Y8. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol KUYA.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company's continuation as a going concern is dependent upon its ability to complete financings sufficient to meet current and future obligations, the successful results from its business activities, and its ability to operate profitably and generate funds. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Although the Company raised capital in previous, current, and subsequent (Note 18) reporting periods, through private placements of its common shares and exercise of options and warrants, additional funding will be required to continue current operations and further advance its existing exploration and evaluation assets in the upcoming 12 months. These factors indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to interim financial reports, including International Accounting Standard 34, Interim Financial Reporting. They do not include all the information and note disclosures required by IFRS for annual financial statements and, therefore, should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024, prepared in accordance with IFRS.

2. BASIS OF PRESENTATION (cont'd…)

Approval of the consolidated financial statements

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors ("Board") of the Company on August 21, 2025.

Significant estimates and judgments

The preparation of these condensed interim consolidated financial statements requires the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. There have been no material changes to the significant estimates and judgments as disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2024.

3. MATERIAL ACCOUNTING POLICY INFORMATION

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's consolidated financial statements for the year ended December 31, 2024 except as noted below.

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

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

IFRS 18, Presentation and Disclosure in Financial Statements

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

(Expressed in US Dollars)

4. Inventory

		June 30, 2025		December 31, 2024
Supplies	$	101,383	$	82,850
Stockpile inventory in process		453,879		-
	$	552,262	$	82,850

5. FACILITIES AND EQUIPMENT

		Construction in progress		Facilities and leasehold improvements		Field equipment		Total
COST								
December 31, 2023	$	-	$	240,501	$	11,339	$	251,840
Additions		97,170		-		-		97,170
Transfer		(97,170)		97,170		-		-
Adjustment on currency translation		-		(23,373)		(887)		(24,260)
December 31, 2024		-		314,298		10,452		324,750
Additions		-		29,303		-		29,303
Adjustment on currency translation		-		17,509		551		18,059
June 30, 2025	**$**	**-**	**$**	**361,110**	**$**	**11,003**	**$**	**372,113**
ACCUMULATED DEPRECIATION								
December 31, 2023	$	-	$	240,501	$	4,541	$	245,042
Depreciation		-		-		1,351		1,351
Adjustment on currency translation		-		(18,820)		(418)		(19,238)
December 31, 2024		-		221,681		5,474		227,155
Depreciation		-		7,047		657		7,704
Adjustment on currency translation		-		11,908		310		12,218
June 30, 2025	$	-	**$**	**240,636**	**$**	**6,441**	**$**	**247,077**
NET BOOK VALUE								
December 31, 2024	$	-	$	92,617	$	4,978	$	97,595
June 30, 2025	**$**	**-**	**$**	**120,474**	**$**	**4,562**	**$**	**125,036**

(Expressed in US Dollars)

6. EXPLORATION AND EVALUATION ASSETS

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

Project	Bethania Silver Project	Silver Kings Project	Total
December 31, 2023	$ 17,496,925	$ 6,774,565	$ 24,271,490
Reclamation provision adjustment	-	(30,486)	(30,486)
Adjustment on currency translation	(1,369,190)	(530,131)	(1,899,321)
December 31, 2024	16,127,735	6,213,948	22,341,683
Adjustment on currency translation	849,742	327,402	1,177,144
June 30, 2025	**$ 16,977,477**	**$ 6,541,350**	**$ 23,518,827**

Bethania Silver Project, Peru

The Company's Bethania Silver Project, located in Central Peru, in the northwestern part of the Huancavelica Department, consists of fourteen contiguous mining concessions including the Bethania mine (Santa Elena concession), Carmelitas, and Tres Banderas concessions, covering approximately 4,500 hectares, as well as the Bethania Plant surface concession.

As at June 30, 2025, the Company has recorded a reclamation provision in the amount of $52,672 (December 31, 2024 - $49,568) as an estimate for potential future reclamation and rehabilitation obligations at Bethania, based on activities to date. The estimated costs to be incurred have been adjusted for inflation of 2% (December 31, 2024 - 2%) and then discounted using current market-based pre-tax discount rate of 5% (December 31, 2024 - 5%).

In June 2025, the Company signed a non-binding Letter of Intent ("LOI") with Silver Crown Royalties Inc. to raise $5,000,000 through the proposed sale of a silver royalty on the Bethania Silver Project. Silver Crown would receive a 4.5% royalty on payable silver production in exchange for $3,000,000 in cash and $2,000,000 in Silver Crown units (priced at CAD $6.50 each, with half-warrants exercisable at CAD $13.00 for three years). The royalty applies only to silver, excluding by-products, and the royalty rate would decrease to 1% for the remaining life of mine after 475,000 ounces are delivered.

This LOI is non-binding and subject to the negotiation and execution of definitive agreements, as well as customary conditions including due diligence and regulatory approvals.

(Expressed in US Dollars)

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

Silver Kings Project, Canada

The Company's Silver Kings Project consists of three properties Silver King properties, Kerr Assets and Sunrise claims, which are located in the Cobalt district of northeastern Ontario, Canada. Certain claims associated with Silver Kings project are subject to a 2% royalty on net smelter returns.

As at June 30, 2025, the Company has recorded a reclamation provision in the amount of $1,759,092 (December 31, 2024 - $1,645,784) as an estimate for potential future reclamation and rehabilitation obligations on the Kerr Assets, based on the historical activities on the project to date. The estimated costs to be incurred have been adjusted for inflation of 2% (December 31, 2024 - 2%) and then discounted using current market-based pre-tax discount rate of 3.07% (December 31, 2024 - 3.07%). During the six months ended June 30, 2025, the Company recorded a change in estimate related to the reclamation provision of $nil (year ended December 31, 2024 - $30,486), which was recorded as a decrease to exploration and evaluation assets. During the six months ended June 30, 2025, the Company recorded accretion related to the reclamation provision of $25,760 (2024 - $26,658), which was recorded as an increase to the reclamation provision on the statement of financial position, with an offsetting amount to accretion expense in profit and loss.

Umm Hadid Project, Saudi Arabia

During the six months ended June 30, 2025, the Company signed a joint venture agreement with Sumou Holding Company, the majority shareholder of Silver for Mining LLC ("Silver LLC"), which holds an exploration license in the Kingdom of Saudi Arabia. The joint venture agreement gives the Company a 5% non-dilutable (or carried) interest over the initial five-year work program and a strategic back-in right to acquire an additional 40% participating interest in Silver LLC, up until April 2027, by reimbursing 40% of the expenditures incurred up to that point in time, to hold a total 45% interest in Silver LLC.

<u>Exploration and evaluation expenditures</u>

Exploration and evaluation expenditures for the six months ended June 30, 2025 are as follows:

Project	Bethania Silver Project	Silver Kings Project	Umm Hadid Project	Total
Civil works and engineering	$ 1,857	$ 55,976	$ -	$ 57,833
Geology and drilling	20,365	326,358	-	346,723
Operations and supplies	428,787[1]	44,542	-	495,329
Property maintenance, licences and rights	-	11,289	-	11,289
Safety and environment	27,279	10,019	-	37,298
Salaries and benefits	414,186	145,720	-	559,906
Total	$ 914,474	$ 593,904	$ -	$ 1,508,378

(1) included in this amount are costs associated with revenue from the sale of concentrate.

(Expressed in US Dollars)

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

During the six month ended June 30, 2025, The company recorded sales of concentrate from its Silver Kings project, based on the expected quantity of metal at certain tonnes and grade, assays available and considering provisional sales prices, at the time of delivery to the customer as that is when performance obligations are satisfied and control of the product is transferred to the customer. Until final settlement occurs, adjustments to the provisional sales prices are made to take into account the mark-to-market changes based on the forward prices of metals for the estimated month of settlement. Changes to the selling price and/or agreed-upon metal can result in changes to the amount recorded as revenue.

Transportation, treatment, refining and other charges are recognized upon delivery of concentrate based on contractual terms.

Exploration and evaluation expenditures for the six months ended June 30, 2024 are as follows:

Project	Bethania Silver Project	Silver Kings Project	Total
Civil works and engineering	$ 39,251	$ 23,667	$ 62,918
Geology and drilling	-	30,549	30,549
Mine rehabilitation	770,809	-	770,809
Operations and supplies	79,372	37,509	116,881
Property maintenance, licences and rights	11,696	12,271	23,967
Safety and environment	3,184	6,601	9,785
Value-added tax	112,224	-	112,224
Salaries and benefits	170,768	133,700	304,468
Total	$ 1,187,304	$ 244,297	$ 1,431,601

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2025	December 31, 2024
Accounts payable and other	$ 1,419,551	$ 1,302,417
Accrued liabilities	8,790	62,277
	$ 1,369,855	$ 1,364,694

(Expressed in US Dollars)

8. CONVERTIBLE DEBENTURES

	Liability component	Equity warrants	Total
December 31, 2023	$ -	$ -	$ -
Additions	1,006,273	150,841	1,157,114
Issue costs	(151,332)	(22,537)	(173,869)
Payments	(115,711)	-	(115,711)
Accretion	55,884	-	55,884
Interest	15,963	-	15,963
Conversion of principal and interest	(331,787)	-	(331,787)
Adjustment on currency translation	(21,463)	-	(21,463)
December 31, 2024	**457,827**	**128,304**	**586,131**
Accretion	19,012	-	19,012
Interest	21,435	-	21,435
Conversion of principal and interest	(405,609)	-	(405,609)
Adjustment on currency translation	18,457	-	18,457
June 30, 2025	**$ 111,122**	**$ 128,304**	**$ 239,426**

During 2024, the company completed a two-tranche convertible debenture facility:

a) First Tranche (October 9, 2024) - The Company issued a unit, which is comprised of a secured convertible debenture of the Company with a face value of CAD $1,111,111 and 959,609 common share purchase warrants. Each warrant entitles the holder to acquire one common share of the Company at a price of CAD $0.435 per common share until April 9, 2027. The Company paid fees and closing costs of CAD $181,268 ($132,409).

   The convertible debenture had a maturity date of January 9, 2026, and bore interest rate of 8%. This convertible debenture was fully repaid on June 17, 2025, prior to its maturity.

b) Second Tranche (December 5, 2024) - The Company exercised its options to issue an additional unit which is comprised of a secured convertible debenture of the Company with a face value of CAD $485,000 and 560,595 common share purchase warrants. Each warrant entitles the holder to acquire one common share of the Company at a price of CAD $0.37 per common share until June 5, 2027. The convertible debenture has a maturity date of March 5, 2026, and bears interest at a rate of 8%.

The convertible debenture is secured against the shares of Kuya Silver Inc., the subsidiary that holds the Company's interests in Peru. At the option of the investor, the principal amount of the debenture, in whole or part, is convertible into common shares of the Company at a conversion price equal to the closing price of the common shares on the CSE on the day prior to the date of conversion.

8. CONVERTIBLE DEBENTURES (cont'd…)

Upon conversion, the interest on the amount converted will be calculated as though the amount converted was outstanding for the entire fiscal quarter in which the conversion took place. At the option of the Company, the accrued interest may be converted into common shares of the Company at the same price. While the Company may elect to pay any interest payments in cash, regular interest owed at the end of each quarter may be converted into common shares at a conversion price equal to the closing price of the common shares on the CSE on the last trading day in each of the Company's fiscal quarters.

The convertible debentures issued in both tranches were valued initially by measuring the fair value of the liability component using a 15% discount rate. The warrants value was calculated using the Black-Scholes option pricing model assuming a life expectancy of 2.5 years, and nil dividend and forfeiture rates. For the first tranche, a risk-free interest rate of 3.22% and 89% volatility were used and for the second tranche, a risk-free interest rate of 3.02% and 88% volatility were applied.

During the six months ended June 30, 2025, the Company issued 2,176,222 common shares (2024 - nil), valued at $405,609, for the conversion of CAD $650,000 of convertible debenture principal (2024 - CAD $nil) and CAD $26,730 (2024 - CAD $nil) of interest. Total interest expense, included in office and miscellaneous expense, on the convertible debentures for the six months ended June 30, 2025 was $21,435 (2024 - $nil).

9. 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 June 30, 2025, the Company had not issued any preferred shares.

Issued share capital

During the year ended December 31, 2024, the Company issued:

a) 5,266,324 units at a price of CAD $0.25 per unit by way of a non-brokered private placement, for total proceeds of $961,570 (CAD $1,316,581). Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of CAD $0.37 per common share for a period of two years from the date of issue. The 5,266,324 warrants were valued at $nil, calculated using the residual value method;
b) 5,208,667 units at a price of CAD $0.48 per unit by way of a non-brokered private placement for total proceeds of $1,823,736 (CAD $2,500,160). Each unit consisted of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant entitles the holder to acquire one non-flow-through common share at a price of CAD $0.64 per common share for a period of two years from the date of issue. The flow-through shares were issued at a premium of $455,934. The 2,604,333 warrants were valued at $nil, using the residual value method. The Company paid a total of $25,392 for finders' fees and issued 267,907 non-flow-through common shares to a finder in connection with this private placement. The finder's common shares were valued at $70,353;
c) 1,348,432 common shares, for proceeds of $364,552 (CAD $496,708), on the exercise of warrants;

(Expressed in US Dollars)

9. SHARE CAPITAL (cont'd…)

Issued share capital (cont'd…)

d) 850,000 common shares, valued at $212,984 (CAD $292,250), for settlement of vested restricted share units ("RSUs") (Note 10); and
e) 2,005,166 common shares, valued at $331,787 (CAD $460,372), for settlement of converted convertible debentures and interest (Note 8).

During the six months ended June 30, 2025, the Company issued:
a) 11,600,000 common shares at a price of CAD $0.25 per common share by way of a non-brokered private placement, for total proceeds of $2,025,714 (CAD $2,900,000). The Company paid a total of $77,476 for finders' fees in connection with this private placement;
b) 672,499 common shares, for proceeds of $213,367 (CAD $306,208), on the exercise of options;
c) 2,176,222 common shares, valued at $405,609 (CAD $563,258), for settlement of converted convertible debentures and interest (Note 8).

Flow-through share premium

The flow-through share premium consists of the excess of the subscription price of the flow-through shares over the fair value of the shares without the flow-through feature at the time of issuance, which is recognized in profit or loss, on a pro-rata basis, as the flow-through share funds are spent on qualifying exploration expenditures.

		Total
Balance as at December 31, 2023	$	48,492
Flow-through share premium additions		455,934
Recognition of flow-through share premium		(356,373)
Adjustment on currency translation		(8,110)
Balance as at December 31, 2024		139,943
Recognition of flow-through share premium		(142,696)
Adjustment on currency translation		2,753
Balance as at June 30, 2025	**$**	**-**

As at June 30, 2025, the flow-through share premium balance relates to the CAD $nil ($nil) of remaining flow-through funds to be incurred.

Share purchase warrants

During the six months ended June 30, 2025, nil (2024 - 398,432) share purchase warrants were exercised; accordingly, the $nil (2024 - $4,103) fair value associated with the warrants exercised was reclassified from reserves to share capital.

(Expressed in US Dollars)

9. SHARE CAPITAL (cont'd…)

Share purchase warrants(cont'd…)

During the six months ended June 30, 2025, 5,066,410 (2024 - 451,166) share purchase warrants expired unexercised; accordingly, the $40,530 (2024 - $179,492) issue-date fair value associated with the warrants was reclassified as follows: $40,530 (2024 - $177,921) was reclassified from reserves to share capital for warrants associated with a private placement; and $nil (2024 - $1,571) was reclassified from reserves to deficit for warrants associated with settlement of debt.
The continuity of share purchase warrants of the Company was as follows:

	Number of warrants		Weighted average exercise price (in CAD)
Balance as at December 31, 2023	34,055,679	$	0.51
Issued	9,390,861		0.45
Exercised	(1,348,432)		0.37
Expired	(837,446)		0.82
Balance as at December 31, 2024	**41,260,662**		**0.49**
Expired	(5,066,410)		0.53
Balance as at June 30, 2025	**36,194,252**	**$**	**0.49**

As at June 30, 2025, 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
1,231,950	$	0.50	0.15	August 24, 2025
214,800	$	0.50	0.17	August 31, 2025
1,248,716	$	0.37	0.44	December 7, 2025
9,219,000	$	0.37	0.44	December 8, 2025
416,508	$	0.25	0.44	December 8, 2025
529,070	$	0.70	0.44	December 9, 2025
3,372,000	$	0.37	0.47	December 20, 2025
2,729,347	$	0.70	0.48	December 21, 2025
804,000	$	0.37	0.50	December 28, 2025
5,266,324	$	0.37	0.78	April 11, 2026
2,604,333	$	0.64	0.97	June 19, 2026
959,609	$	0.44	1.78	April 9, 2027
560,595	$	0.37	1.93	June 5, 2027
7,038,000	$	0.70	2.11	August 9, 2027
36,194,252				

10. SHARE-BASED COMPENSATION

The Company's equity incentive plan (the "Plan") provides for the grant of awards ("Awards") that enable the acquisition of common shares of the Company. Awards include stock options, restricted share units ("RSUs"), and performance share units ("PSUs"). The maximum number of common shares that may be issued pursuant to Awards under this Plan shall be determined from time to time but shall not together with any other share compensation arrangement adopted by the Company in the aggregate exceed 10% of the outstanding common shares of the Company.

Stock options

The Company has a shareholder-approved rolling stock option plan under which the Committee appointed by the Board to administer the Plan may, from time to time in its discretion, grant options to acquire common shares of the Company to its directors, officers, employees, consultants and advisors with an expiry date of a maximum of five years from the date of grant. The exercise price of each option is determined by the Committee but shall not be less than the greater of the fair market value on the trading day prior to the date of grant and the date of grant. At the time of grant, the Committee may determine when an option will become exercisable, subject to the rules of the CSE. The vesting schedule of the options is determined at the discretion of the Committee, but generally vest equally over a two-year period, starting on the date of grant and the first and second anniversaries of date of grant, provided that the participant's termination date does not occur prior to the applicable vesting date.

During the six months ended June 30, 2025, the Company granted 1,335,000 (2024 - 812,500) stock options with a fair value of $199,936 (2024 - $96,498) using the Black-Scholes option pricing model assuming a life expectancy of 5 years (2024 - 5 years), a risk-free interest rate of 2.74% (2024 - 3.48%), a forfeiture rate of nil (2024 - nil), and volatility of 85% (2024 - 89%).

During the six months ended June 30, 2025, the Company expensed $146,540 (2024 - $66,113) for the fair value of options, which was recorded in share-based compensation.

During the six months ended June 30, 2025, 672,499 (2024 - nil) incentive stock options were exercised; accordingly, the $174,300 (2024 - $nil) fair value associated with the options exercised was reclassified from reserves to share capital.

During the six months ended June 30, 2025, nil (2024 - 62,500) incentive stock options were forfeited or expired; accordingly, the $nil (2024 - $22,817) fair value associated with the options was reclassified from reserves to deficit.

(Expressed in US Dollars)

10. SHARE-BASED COMPENSATION (cont'd…)

Stock options (cont'd…)

The continuity of option transactions of the Company was as follows:

	Number of options		Weighted average exercise price (in CAD)
Balance as at December 31, 2023	2,609,800	$	0.88
Granted	1,152,500		0.29
Forfeited / expired	(62,500)		4.15
Balance as at December 31, 2024	3,699,800		0.64
Granted	1,335,000		0.32
Exercised	(672,499)		0.46
Balance as at June 30, 2025	**4,362,301**	**$**	**0.57**
Exercisable as at June 30, 2025	**2,958,135**	**$**	**0.68**

As at June 30, 2025, 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
609,800	609,800	$	0.90	0.25	October 1, 2025
45,000	45,000	$	1.55	0.98	June 24, 2026
180,000	180,000	$	1.90	0.98	June 24, 2026
502,500	502,500	$	0.94	1.59	January 31, 2027
250,000	250,000	$	0.57	2.14	August 19, 2027
350,000	350,000	$	0.34	2.57	January 25, 2028
250,000	166,667	$	0.48	3.09	July 31, 2028
716,667	445,834	$	0.25	3.60	February 2, 2029
340,000	113,333	$	0.38	4.17	August 30, 2029
1,118,334	295,001	$	0.38	4.62	August 30, 2029
4,362,301	2,958,135				

(Expressed in US Dollars)

10. SHARE-BASED COMPENSATION (cont'd…)

RSU and PSU

During the six months ended June 30, 2025, the Company granted 500,000 (2024 - 812,500) RSUs with a fair value of $109,963 (2024 - $138,549), which vest in two equal tranches, over a two-year period.

During the six months ended June 30, 2025, the Company expensed $52,688 (2024 - $85,564) for the fair value of RSUs, which was recorded in share-based compensation.

The continuity of RSUs transactions of the Company was as follows:

	Number of RSUs
Balance as at December 31, 2023	762,500
Granted	812,500
Settled	(850,000)
Balance as at December 31, 2024	725,000
Granted	500,000
Balance as at June 30, 2025	**1,225,000**
Vested but not yet settled as at June 30, 2025	**318,750**

As at June 30, 2025, the Company had not granted any PSUs.

11. RELATED PARTY TRANSACTIONS

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

	Six months ended June 30, 2025	Six months ended June 30, 2024
Directors' fees	$ 46,119	$ 47,843
Professional fees	39,669	31,745
Share-based compensation	134,748	110,640
Salaries and benefits	209,369	212,486
	$ 429,905	$ 402,714

(Expressed in US Dollars)

11. RELATED PARTY TRANSACTIONS (cont'd…)

During the six months ended June 30, 2025, administrative and exploration and evaluation expenditures of $2,449 (2024 - $38,449) were paid or accrued to a related entity, which provides engineering and subcontractor services for the Bethania Silver Project. As at June 30, 2025, included in accounts payable and accrued liabilities was $907 (December 31, 2024 - $7,562) owing to this entity.

As at June 30, 2025, included in accounts payable and accrued liabilities was $92,038 (December 31, 2024 - $133,858) owing to officers and directors.

12. SUPPLEMENTAL CASH FLOW INFORMATION

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

		Six months ended June 30, 2025		Six months ended June 30, 2024
Shares issued on conversion of convertible debentures	$	405,609	$	-
Shares issued for share issue costs	$	-	$	70,353
Flow-through share premium	$	-	$	455,934
Shares issued for settlement of RSUs	$	-	$	130,677
Reclassification of reserves to share capital on exercise of options	$	174,300	$	-
Reclassification of reserves to share capital on exercise of warrants	$	-	$	4,103
Reclassification of reserves to deficit on expiry of options	$	-	$	22,817
Reclassification of reserves to share capital on expiry of warrants	$	40,530	$	177,921
Reclassification of reserves to deficit on expiry of warrants	$	-	$	1,571

13. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment being the acquisition and exploration of exploration and evaluation assets located in Canada and Peru. The below information is presented after intercompany eliminations; the net impact of foreign exchange is presented in Canada. Geographic information is as follows:

(Expressed in US Dollars)

13. SEGMENTED INFORMATION (cont'd…)

	Canada	Peru	Total
As at June 30, 2025			
Exploration and evaluation assets	$ 6,541,350	$ 16,977,477	$ 23,518,827
Other assets	1,214,599	942,946	2,157,545
Total assets	$ 7,755,949	$ 17,920,423	$ 25,676,372
For the three months ended June 30, 2025			
Revenue from sale of concentrate	$ 1,163,673	$ -	$ 1,163,673
Net income (loss) for the period	$ 185,808	$ (549,151)	$ (363,343)
For the six months ended June 30, 2025			
Revenue from sale of concentrate	$ 1,163,673	$ 225,997	$ 1,389,670
Loss for the period	$ (624,619)	$ (1,006,926)	$ (1,631,545)

	Canada	Peru	Total
As at December 31, 2024			
Exploration and evaluation assets	$ 6,213,948	$ 16,127,735	$ 22,341,683
Other assets	929,941	452,973	1,382,914
Total assets	$ 7,143,889	$ 16,580,708	$ 23,724,597
For the three months ended June 30, 2024			
Revenue	$ -	$ -	$ -
Loss for the period	$ (574,706)	$ (874,465)	$ (1,449,171)
For the six months ended June 30, 2024			
Revenue	$ -	$ -	$ -
Loss for the period	$ (1,161,735)	$ (1,456,926)	$ (2,618,661)

14. FINANCIAL INSTRUMENT RISKS

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at June 30, 2025, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

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

Credit risk associated with trade accounts receivable arises from the Company's delivery of its production to an international customer from whom it receives 95% of the sales proceeds shortly upon delivery of its production to an agreed upon transfer point in Peru and the balance within a short settlement period thereafter.

The Company recorded a trade receivable of $759,259 from an international customer related to historical silver concentrate at the Silver Kings Project. As per the agreement, the Company will receive 90% of the sales proceeds shortly after delivering the concentrate to an agreed upon transfer point in Canada, with the remaining balance to be received once final assay results are available.

Liquidity risk

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

Market risk

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

Foreign currency exchange risk

This risk relates to any changes in foreign currencies in which the Company transacts. The Company incurs costs for goods and services denominated in currencies other than the presentation currency and is subject to foreign currency risk on assets and liabilities denominated in currencies other than the United States dollar. The effect of a 10% change in the foreign exchange rate on monetary balances held in United States dollar and Peruvian soles accounts would be approximately $24,000 recorded in profit or loss for the six months ended June 30, 2025. The effect of a 10% change in the foreign exchange rate on monetary balances held in CAD $ and Peruvian soles accounts would be approximately $94,000 recorded in other comprehensive income or loss for the six months ended June 30, 2025.

14. FINANCIAL INSTRUMENT RISKS (cont'd…)

Market risk (cont'd…)

Interest rate risk

This risk relates to the change in the borrowing rates affecting the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash and convertible debentures. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. Interest owed on convertibles debentures is based on a fixed rate. A 1% increase or decrease in the interest rates would have a nominal impact on interest income (expense) for the six months ended June 30, 2025.

Price risk

This risk relates to fluctuations in commodity and equity prices. The Company is exposed to price risk related to the provisional pricing on its revenue earned from sales of concentrate. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

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

15. 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.

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.

15. FAIR VALUE HIERARCHY (cont'd…)

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and convertible debentures. The fair value of cash, receivables, and accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these financial instruments. As at June 30, 2025, the fair value of convertible debentures approximates its carrying value due to being discounted with a rate of interest that approximates market rate.

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 six months ended June 30, 2025.

17. COMMITMENTS AND CONTINGENCIES

Contingencies

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

As at June 30, 2025, the Company has the following contingencies:

Minera Plata del Toro S.A.C. ("MTP") withheld an accrued payment of $140,000 due to Compañía Minera San Valentín S.A.C. ("San Valentin") and an arbitration was initiated by San Valentin against the Company before an arbitration panel. The Company was ordered to pay $93,597 plus penalties, interest and legal fees to the courts per a judicial order in settlement for the $140,000. In November 2021, the Company paid $93,597 to the courts towards the settlement. San Valentin has not yet agreed to the settlement and has not collected the funds from the courts. There is currently $46,403 included in accounts payable and accrued liabilities as at June 30, 2025 with respect to San Valentin for penalties, interest and legal fees. In November 2024, San Valentin filed a submission with the courts, claiming approximately $280,000 plus interest and legal costs from the Company, in connection with the original arbitration order.

17. COMMITMENTS AND CONTINGENCIES (cont'd…)

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

18. SUBSEQUENT EVENTS

Subsequent to June 30, 2025, the Company:

a) issued 795,020 common shares, for proceeds of $190,077 (CAD $260,195), on the exercise of warrants;
b) granted 475,000 stock options at a price of CAD$0.41 per common share, vesting 1/3 on grant, 1/3 after one year, and 1/3 after two years, expiring on July 7, 2030;
c) granted 200,000 stock options at a price of CAD$0.41 per common share, vesting 100% on grant, expiring on July 7, 2030; and
d) in August 2025 the Company closed a private placement issuing 18,140,000 units for gross proceeds of into a $6,566,000 (CAD $9,070,000). Each unit consisted of one common share and one common share purchase warrant, where a full warrant is exercisable to acquire one common share at CAD$0.65 per common share for a period of 36 months from the date of issuance. The Company paid cash commission totaling $80,800 (CAD$ 111,750) in respect of the private placement. In addition, the Company issued 126,800 warrants ("Finder's Warrant") on the total Units issued to subscribers in the Offering that were introduced to the Company by eligible finders. Each Finder's Warrant will entitle the holder to acquire one Common Share at an exercise price of CAD$0.50 per Common Share for a period of 36 months from the date of issuance.

   In addition, the Company entered into an engagement agreement with ECM Capital Advisors Inc. ("ECM") of which Mr. Eugene C. McBurney, a director of the Company, is the Managing Partner. ECM will support the Company with financing and market advisory services. ECM's engagement is for a three-year term, unless earlier terminated at the election of either the Company or ECM. In connection with the private placement noted above, ECM earned a fee of CAD $350,000 upon the successful completion of a financing with minimum proceeds of CAD $5,000,0000. Notwithstanding the above, any fees payable to ECM in connection with this Offering will be subject to compliance with all applicable securities laws and applicable regulatory authorities.