KUYA SILVER CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2022

(Expressed in US Dollars)

Report Date – April 20, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") provides a review of activities, results of operations and the financial condition of Kuya Silver Corporation and its subsidiaries ("Kuya Silver", the "Company", "we", or "our") for the years ended December 31, 2022 and 2021. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto for the year ended December 31, 2022. References to "Kuya Silver" in this MD&A refer to the Company and its subsidiaries taken as a whole.

Readers are cautioned that this MD&A contains forward-looking statements about expected future events and financial and operating performance of the Company, and that actual events may vary from management's expectations. Readers are encouraged to read the Cautionary Note on Forward-Looking Information included in this MD&A.

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

All amounts disclosed in this MD&A are expressed in United States ("US") dollars ("USD"), unless otherwise noted. Canadian dollars are represented by CAD $. Information contained herein is presented as at April 20, 2023 (the "Report Date") unless otherwise indicated.

COMPANY OVERVIEW

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

OVERVIEW OF EXPLORATION AND EVALUATION ASSETS

Bethania Silver Project (Huancavelica, Peru)

The Bethania Silver Project is comprised of the Bethania, Carmelitas, Tres Banderas and Chinita concessions as detailed below and collectively covers approximately 4,845 hectares. The Company's goal for the Bethania Silver Project is to build a 350 tonne per day ("tpd") processing plant as contemplated in the latest Preliminary Economic Assessment (the "PEA") which was filed on SEDAR and posted on the Company's website on June 17, 2022. The PEA envisages a 350 tpd underground mine feeding a processing plant that would process mineralized material and also incorporates the potential to toll-mill mineralized material prior to the construction and commissioning of a new plant at site.

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

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

Bethania

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

Carmelitas Concessions

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

The initial total purchase price of $892,500 consisted of $492,500 in cash and $400,000 in common shares. Upon signing of the agreements, $293,500 was paid (including $42,500 of other costs allocated to the transaction). The remaining $199,000 was due on May 14, 2022, and the $400,000 in common shares in the capital of the Company was due to be issued on the eighteen-month anniversary of signing the agreements (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.

On September 21, 2022, we announced an amendment to this agreement, which increased the total purchase price from $892,500 to $952,500. The details of the amendments were as follows:

- **Earlier issuance of common shares**: Kuya Silver issued 1,084,490 common shares, equivalent in value to $400,000 (at a price of CAD$0.49 per share, equivalent to the 20-day volume-weighted average price ending on September 16, 2022, as per the calculation of the deemed price of the common shares in the amended agreement).
- **New timing for the remaining cash payments and $60,000 increase in cash consideration:** Prior to the amendment, we had already paid $293,500, with $199,000 remaining to be paid. In accordance with the amended agreement, Kuya Silver agreed to pay an additional $60,000, which was paid on September 15, 2022. Of the remaining $199,000, $99,000 was paid on October 20, 2022 and $100,000, the remaining balance, was agreed to be paid by November 30, 2022. The $100,000 was paid on January 30, 2023.

Tres Banderas and Chinita Concessions

The Tres Banderas and Chinita concessions are located primarily in the department of Huancavelica, Peru (with some concessions extending into the departments of Lima and Junín), in the vicinity of, or surrounding Bethania. Chinita I is held by MTP and was included in the acquisition of MTP while Tres Banderas 01 and 02 were acquired through an open application process in 2019 and 2020.

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

Tres Banderas and Chinita Concessions (cont'd…)

On November 15, 2021, the Tres Banderas 03, Tres Banderas 04, Tres Banderas 05, Tres Banderas 06 and Tres Banderas 07 mineral claims (that are in the district of the Bethania concessions and claims) were acquired for a total cost of $565,000 via a sealed bid government auction, representing 22 claim blocks, and concessions for the five properties were granted in 2022. In 2022, a mineral claim application for Tres Banderas 08 (contiguous with Tres Banderas 06 to the south) was submitted, and subsequent to year end a mineral concession for this claim was awarded.

Silver Kings Project (Ontario, Canada)

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

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

The Silver Kings Project encompasses the 100%-owned Kerr Assets ("Kerr Project"), the Remaining Assets and the Sunrise Claims.

Following consolidation of the Silver Kings Project land package, as a next step, the Company executed a diamond drill program in early 2023 at the Silver Kings Project targeting silver-cobalt mineralization, specifically in the Campbell-Crawford, North Drummond and Silver Leaf target areas.

Kerr Project

On March 1, 2021, 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 Mining Inc. ("CobalTech"), (a wholly owned subsidiary of Electra) that holds the Kerr Assets. As part of the purchase agreement, Electra agreed to provide CobalTech with CAD $500,000 at the time of closing, for CobalTech 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, which granted Electra the ability to appoint a majority of the directors of CobalTech, until such time as the Class A shares were redeemed. The Class A shares were redeemable at the option of CobalTech at a price of CAD $0.001 per Class A share and as a condition of the original agreement, the Class A shares could not be redeemed until CobalTech incurred the CAD $500,000 of flow through eligible expenditures. Having incurred the CAD $500,000 of flow-through eligible expenditures, CobalTech renounced these flow-through eligible expenditures to Electra, redeemed the Class A shares and as a result, obtained control of and consolidated CobalTech effective September 30, 2021.

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

Silver Kings Project (Ontario, Canada) (cont'd…)

Silver Kings JV

To fully exercise the option, the Company needed to make payments totaling CAD $2,000,000 and complete work commitments of CAD $4,000,000 by September 1, 2024. As per the December 31, 2022 amendment to the original agreement, the Company may now acquire 100% interest in the Remaining by making an additional cash payment of CAD $1,000,000. The Company is not required to complete any work commitments.

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

On March 24, 2023, the Company entered into a settlement agreement with Canadian Silver Hunter Inc. ("CSH") and Cobalt Projects International Corp. (a subsidiary of Electra, "CPIC"), which settles a dispute (the "Dispute") between CSH and CPIC regarding certain mineral properties previously optioned by CPIC from CSH. The Dispute was transferred to the Company upon the Silver Kings JV amended Purchase Agreement and Option. To settle the Dispute, the Company issued 1,666,667 common shares to CSH and obtained a 100% interest in the mineral properties associated with the Dispute (subject to the royalty noted below). The Company also entered into a royalty agreement with CSH granting CSH a 2% royalty on net smelter returns from the related mineral properties.

CORPORATE UPDATE AND OUTLOOK

Financing Update

The Company obtained financing through various means in 2022, including a term loan financing announced on July 22, 2022 and three private placements. Total gross proceeds from these financings were CAD $6,157,569 and were used for general working capital purposes and to repay the CAD $300,000 term loan referenced below. Additional funding will be needed to continue to fund ongoing administrative costs, exploration and evaluation related expenditures, and for advancement of the Bethania Silver Project and the Silver Kings Project over the upcoming twelve months.

CORPORATE UPDATE AND OUTLOOK (cont'd…)

May-June Private Placement

On April 21, 2022, we announced the private placement of up to 2,000,000 units at a price of CAD $1.00 per unit for aggregate gross proceeds of up to CAD $2,000,000. On May 12, 2022, we announced amended terms of this private placement to be 2,222,222 units at a price of CAD $0.90 per unit ("May-June Private Placement"). Each unit consisted of one common share in the capital of the Company and one-half of one transferrable common share purchase warrant with each warrant entitling the holder the right to purchase one common share in the capital of the Company at a price of CAD $1.20 (previously CAD $1.40) until the date which is two years from the date of issuance.

This first tranche closed on May 12, 2022 with gross proceeds of CAD $588,001, while the second tranche closed on June 30, 2022 with the same price and terms as the first tranche with gross proceeds of CAD $135,900. Together with the first tranche, the Company issued 804,334 units and raised CAD $723,901 ($545,795 net proceeds) from the May-June Private Placement.

Term Loan

On July 22, 2022, Kuya Silver announced that it had agreed to an unsecured term loan financing with a director and an officer of the Company ("the lenders") for aggregate proceeds of CAD $300,000 with a 12-month term and an interest rate of 4%, accrued monthly, with interest becoming due and payable on repayment of the principal or at the end of the term. As part of this loan financing, the Company also issued these lenders 450,000 common share purchase warrants, with the number of warrants granted to each lender proportional to the amount provided by such lender. Each warrant entitles the holder to purchase one common share of the Company at a price of CAD $0.47 until the date that is 12 months from the date of issuance (July 22, 2022) and is subject to a hold period expiring four months and one day from the date of issuance. On August 24, 2022, the term loan was repaid in full, with the accrued interest waived, as agreed by the lenders at the time of repayment.

August Private Placement

On July 26, 2022, the Company announced that it had entered into an agreement with a syndicate of agents ("Agents"), in connection with a private placement of up to 4,500,000 units at a price CAD $0.45 per unit for total proceeds of up to approximately CAD $2,025,000 ("August Private Placement"). Each unit consisted of one common share in the capital of the Company and one transferrable common share purchase warrant which entitles the holder to purchase one common share of the Company at a price of CAD $0.70 until the date that is five years from the date of issuance. Subsequently, on July 28, 2022, the Company announced that it had increased the size of the August Private Placement to consist of up to 6,120,000 units, for gross proceeds of up to CAD $2,754,000, with an option to increase the size by up to 15% for a total of 7,038,000 units and proceeds of up to CAD $3,167,100 (all other terms remained the same).

On August 9, 2022, the Company completed the August Private Placement with the sale of an aggregate of 7,038,000 units for total gross proceeds of CAD $3,167,100. There were two parts to this private placement: a brokered portion and a non-brokered portion. For the brokered private placement, we sold an aggregate of 5,718,000 units at a price of CAD $0.45 per unit for total proceeds of CAD $2,573,100, which includes the full exercise of the Agents' option to purchase up to an additional 15%. We also sold 1,320,000 units in a non-brokered private placement at a price of CAD $0.45 per unit for total proceeds of CAD $594,000.

CORPORATE UPDATE AND OUTLOOK (cont'd…)

August Private Placement (cont'd…)

As consideration for the services provided by the Agents, the Company paid fees totaling CAD $190,026, being 6% of the gross proceeds from the sale of 7,038,000 aggregate units and issued to the Agents 422,280 non-transferrable broker warrants (6% of the number of units sold pursuant to the August Private Placement) which entitles the holder to purchase one Common Share at an exercise price of CAD $0.45 for a period of two years following the date of issuance.

Goldspot Discoveries Corp. ("Goldspot") participated in this private placement and the Company concurrently signed a services agreement in the amount of CAD $315,000 with Goldspot to provide exploration-related services, which may include geological, geophysical and geochemical work as well as marketing and advertising-related services with a wholly owned subsidiary of Goldspot, CEO.CA Technologies Ltd.

December Private Placements

On December 9, 2022, the Company announced a non-brokered private placement, comprising a flow-through offering (the "FT Offering") and a non-flow-through offering (the "Non-FT Offering"), for aggregate gross proceeds of up to CAD $2,000,000 (collectively, the "Offering"). The FT Offering consisted of flow-through units (each, an "FT Unit") at a price of CAD $0.50 per FT Unit. Each FT Unit is comprised of one common share in the capital of the Company that qualifies as a "flow-through share" for the purposes of the Income Tax Act (Canada) (each, an "FT Common Share") and one half of one non-transferable common share purchase warrant (each whole warrant, an "FT Offering Warrant"). Each FT Offering Warrant entitles the holder to purchase one non-flow-through common share in the capital of the Company (each a "Common Share") at price of CAD$0.70 per Common Share for a period of 36 months from the date of issuance. The gross proceeds from the FT Offering will be used for expenditures that qualify as Canadian Exploration Expenses, within the meaning of the Income Tax Act (Canada), to carry out exploration programs on the Company's Canadian properties. The Non-FT Offering consisted of units (each, a "Unit") at a price of CAD $0.43 per Unit. Each Unit is comprised of one Common Share and one non-transferable Common Share purchase warrant (each, a "Non-FT Offering Warrant").

Each Non-FT Offering Warrant entitles the holder to purchase one Common Share at a price of CAD $0.70 per Common Share for a period of 36 months from the date of issuance. The Company intends to use the net proceeds from the Non-FT Offering for general working capital purposes.

On December 9, 2022, the Company announced that it has closed the first tranche of its non-flow-through offering for aggregate gross proceeds of CAD $227,500 by issuing 529,070 Units (the "First Tranche"). In connection with the First Tranche, the Company paid finder's fees of CAD $5,760, equal to 6% of the total proceeds raised by eligible finders, and issued 13,395 finder's fee units (each, a "Finder's Fee Unit"), equal to 6% of the number of Units sold by eligible finders. The Finder's Fee Units are exercisable at $0.43 for a period of one year from the date of issuance and are comprised of one Common Share and one Common Share purchase warrant (each a "Finder Warrant"). Each Finder Warrant entitles the holder to purchase one Common Share at a price of CAD $0.70 per Common Share for a period of 36 months from the date of issuance.

On December 21, 2022, the Company announced that it closed the final tranche (the "Final Tranche") of its offering of FT Units and Units for gross proceeds of CAD$1,966,568 (the "Offering") by issuing 1,369,926 Units and 2,300,000 FT Units. In connection with the Final Tranche, the Company paid finder's fees of CAD $99,711, equal to 6% of the total proceeds raised by eligible finders, and issued 209,421 Finder Warrants, equal to 6% of the number of Units and FT Units sold by eligible finders.

CORPORATE UPDATE AND OUTLOOK (cont'd…)

Subsequent Financing

In April 2023, the Company closed, in two tranches, a non-brokered private placement and issued 6,686,888 units at a price of CAD $0.27 per unit for total proceeds of CAD $1,805,460. Each unit consisted of one common share and one-half of one transferrable common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD $0.50 per common share for a period of 24 months from the date of issue. The Company paid a total of $28,524 for finders' fees and issued 105,644 finders' warrants in connection with this private placement. Each finder's warrant entitles the holder to acquire one common share at a price of CAD $0.50 per common share for a period of 24 months from the date of issue.

Bethania Silver Project

The Company's goal for the Bethania Silver Project remains to build a 350 tpd processing plant. However, in the immediate future, the Company's management is focused on reviewing options that could add further value to the Bethania Silver Project, including opportunities to conduct toll-milling (i.e. processing ore at a third-party mill into saleable concentrate) prior to construction of the processing plant, which could generate near-term cash flow while de-risking the mining operation by providing valuable production experience, and advancing the underground development required for eventual full-scale production.

The Company's management also believes there are opportunities to expand on the Company's exploration strategy throughout the Bethania district, including the Carmelitas concessions, where several high-priority targets are ready to be followed up with mapping and sampling programs to advance these targets to a drill-ready stage. The Company recently completed an initial surface sampling program at Carmelitas, which was successful in discovering a new zone of mineralized veins and demonstrated that silver polymetallic vein mineralization could be more extensive than previously understood.

Silver Kings Project

Subsequent to year end, Kuya Silver has completed transactions that consolidates more than 18,000 ha of exploration claims, patents and leases under the scope of the Silver Kings Project. While management sees many targets throughout the property package, exploration in the near-term is focused in the vicinity of Kerr Lake (2 km southeast of the town of Cobalt), where our most advance targets are located, including Campbell-Crawford and North Drummond targets.

Management Update

On November 18, 2022, Kuya Silver announced that Annie Sismanian tendered her resignation as Chief Financial Officer ("CFO") of the Company. Her departure was effective December 31, 2022 and the Company has commenced the process to seek a new CFO. In the meantime, Lesia Burianyk has taken the role of interim CFO.

(Expressed in US Dollars)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Selected Financial Information		Year ended December 31 2022		2021		2020
Total assets	$	**24,498,697**	$	**27,142,602**	$	**21,751,430**
Total non-current financial liabilities	$	**1,852,489**	$	**2,114,555**	$	**51,630**
Revenue	$	-	$	-	$	-
Exporation & evaluation expenditures		**1,773,259**		4,208,356		-
Administrative expenses[1]		**3,053,014**		2,696,090		9,008
Share-based compensation		**681,610**		523,670		726,475
Equity loss in CobalTech[2]		-		208,172		326,792
(Gain) on settlement of accounts payable and accrued liabilities		**(4,797)**		(514,602)		-
Foreign exchange loss/(gain) and other		**156,486**		(109,954)		2,615,052
(Loss) for the year	$	**(5,659,572)**	$	(7,011,732)	$	(3,677,327)
(Loss) per share (basic and diluted)[3]:	$	**(0.12)**	$	(0.17)	$	(0.20)
Cash dividends declared	$	-	$	-	$	-

1. Administrative expense excludes share-based compensation.
2. Costs for the Kerr Project were recorded as equity losses in CobalTech until consolidation on September 30, 2021.
3. In periods when the Company has a loss, diluted loss per share is the same as basic loss per share.

The loss for the year ended December 31, 2022 of $5,659,572 (2021 - $7,011,732) was comprised of $1,773,259 (2021 - $4,208,356) in exploration and evaluation expenditures, $3,734,624 (2021 - $3,219,760) in administrative expenses, including share-based compensation of $681,610 (2021- $523,670), and a $151,689 net loss from foreign exchange, interest income and other (2021 - $416,384 gain), including $4,797 gain on settlement of accounts payable and accrued liabilities (2021 - $514,602). Losses for the year were lower in 2022 as compared to the comparative period in 2021, as we had significantly lower exploration and evaluation costs in 2022, partially offset by higher administrative expenses (including higher share-based compensation) and losses from foreign exchange and other.

(Expressed in US Dollars)

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

Details of the significant expenditures for the three months and year ended December 31, 2022, are described below.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures incurred during the three months and year ended December 31, 2022 were:

	Three months ended December 31		Year ended December 31	
Exploration and evaluation expenditures	**2022**	2021	**2022**	2021
Bethania Silver Project				
Civil works and engineering	$ **18,897**	314,054	$ **351,262**	$ 1,458,020
Geology and drilling	**0**	123,002	**151,498**	960,492
Operations and supplies	**76,948**	118,098	**354,753**	384,821
Property maintenance, licences and rights	**0**	3,216	**10,709**	50,106
Safety and environment	**34,374**	2,824	**183,858**	91,792
Value Added Tax ("VAT")	**23,605**	117,700	**212,373**	594,116
Wages and benefits	**59,258**	62,944	**330,193**	246,503
	213,082	741,838	**1,594,646**	3,785,850
Kerr				
Geology and drilling	**-**	23,488	**-**	23,488
Operations and supplies	**14,395**	1,540	**42,422**	1,540
Property maintenance, licenses and rights	**(3,865)**	5,824	**9,701**	5,824
Safety and environment	**6,263**	19,328	**8,104**	19,328
Wages and benefits	**15,636**	-	**54,949**	-
	32,429	50,180	**115,176**	50,180
Silver Kings JV				
Geology and drilling	-	234,839	-	256,726
Operations and supplies	**(196)**	32,281	**13,744**	32,281
Wages and benefits	**(709)**	105,206	**49,693**	202,494
Expense recovery from Electra	**-**	-	**-**	(119,175)
	(905)	372,326	**63,437**	372,326
Total	**$ 244,606**	**$** 1,164,344	$ **1,773,259**	$ 4,208,356

Bethania Silver Project

With the completion of the PEA in the second quarter of 2022, and the management decision in July of 2022 to focus on reviewing options to add further value to the Bethania Silver Project, including evaluating toll-milling options, in the second half of 2022, we incurred costs primarily for general operating and maintenance costs at Bethania. In the comparative period in 2021, exploration and evaluation expenses were much higher, as costs were incurred for the Phase I drill program (which commenced in the second quarter of 2021) as well as costs for the engineering design work for the Bethania expansion/studies for the development of the project.

(Expressed in US Dollars)

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

Silver Kings Project

Included in exploration and evaluation expenditures in fiscal 2022 are costs for Silver Kings JV ($63,437) and for the Kerr Project ($115,176). During the year, exploration and evaluation expenditures were made for compiling historic data, analyzing drilling geochemistry, preparing for field work and upcoming drill program, and bedrock mapping.

Administrative Expenses

	Three months ended December 31		Year ended December 31	
Administrative Expenses	**2022**	2021	**2022**	2021
Administrative costs	$ 9,931	$ 10,713	$ 41,503	$ 43,079
Consulting fees	4,810	-	11,021	89,931
Directors' fees	24,980	19,835	101,363	91,425
Filing fees	32,070	6,738	58,998	32,013
Management fees	15,450	16,364	64,561	237,619
Marketing and investor relations	58,312	70,877	281,681	303,788
Office and miscellaneous	148,646	162,098	541,693	383,054
Professional fees	122,291	175,395	378,100	466,773
Share-based compensation	41,296	67,082	681,610	523,670
Shareholder communication	1,642	2,094	13,342	13,964
Transfer agent	2,754	1,871	12,390	9,956
Travel	75,368	47,966	224,171	209,669
Wages and benefits	312,697	287,495	1,272,179	814,819
Warrants issued for loans	-	-	52,012	-
	$ 850,247	$ 868,528	$ 3,734,624	$ 3,219,760
less: Share based expenses	(41,296)	(67,082)	(733,622)	(523,670)
Admin costs (excluding share-based)	**$ 808,951**	**$ 801,446**	**$ 3,001,002**	**$ 2,696,090**

Administrative expenses of $850,247 (including share-based compensation) were 2% lower in the three months ended December 31, 2022 as compared to $868,528 in the same period in 2021. Expenses have remained consistent as the Company has maintained comparable general operations. Filing fees were higher as Kuya had costs associated with the Shelf Prospectus. Travel was also higher as COVID restrictions were lifted; conferences were attended in person. These were partially offset by lower professional fees (accounting, legal and other).

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

Administrative Expenses (cont'd…)

Administrative expenses of $3,734,624 (including share-based compensation) were 16% higher in the year ended December 31, 2022 as compared to $3,219,760 in the same period in 2021. As Kuya Silver became a publicly traded company in October of 2020 and started adding key management personnel in mid-2021, many of the administrative costs, including wages and benefits for employees and share based compensation were still ramping up in the first half of 2021, resulting in lower costs in the first twelve months of 2021 than in the comparable period of 2022. Fees that had been previously recorded as management fees were recorded in wages and benefits as the CEO became an employee of the Company. Wages and benefits also increased as full-time legal counsel was employed by the Company in 2022. The share-based compensation expense in 2022 was higher as compared to the same period in 2021 due to two factors: (1) the vesting of previously granted stock options and the annual stock option grants taking place in 2022 (in 2021, there were no stock option grants in the same period, as stock option grants occurred at the time of closing of the reverse takeover transaction ("RTO") with Miramont Resources Corp. ("Miramont") in October 2020); and (2) the vesting of 400,000 RSUs that were granted following shareholder approval of the amended equity incentive plan in June 2022. Also included in 2022, were $52,012 of (non-cash) costs for the warrants issued in connection with the CAD $300,000 term loan; there was no comparable loan in 2021.

Other items

Included in foreign exchange loss/(gain) and other are the following: foreign exchange loss/(gain), equity loss in CobalTech (2021 only), accretion expense, interest income, and gain on accounts payable and accrued liabilities. Foreign exchange losses and gains are due to fluctuations in the Peruvian Sol ("PEN") and the USD to the CAD.

There were no losses from our equity interest in CobalTech in 2022. In 2021, we had losses of $208,172 for the year, which was as a result of accounting for CobalTech as an equity investment until fully consolidating CobalTech commencing on September 30, 2021.

Also included in the other expense for 2022 is $11,525 of accretion expense for the 3-month period and $48,162 for the year related to the reclamation provision (2021 - $nil), which was recorded as an increase to the reclamation provision on Kerr, with an offsetting amount to accretion expense.

Lastly, we did not realize any gains or losses on settlement of accounts payable in the 3-month period ending December 31, 2022, with only a small gain in the year of $4,797. In fiscal 2021 however, we recorded a gain of $514,602 for accounts payables and accrued liabilities that were written off in Peru for accrued liabilities prior to 2016 that were no longer considered payable.

(Expressed in US Dollars)

CUMULATIVE EXPLORATION AND EVALUATION COSTS

The following table presents the cumulative exploration and evaluation costs incurred by the Company on its properties to December 31, 2022:

Project	Bethania Silver Project	Kerr	Silver Kings JV	Total
Civil works and engineering	$ 2,149,238	$ -	$ -	$ 2,149,238
Geology and drilling	1,258,972	23,488	258,946	1,541,406
Operations and supplies	1,012,008	56,643	54,754	1,123,405
Property maintenance, licences and rights	73,671	21,587	-	95,258
Safety and environment	393,399	35,536	-	428,935
Value Added Tax	976,617	-	-	976,617
Wages and benefits	839,569	94,813	301,720	1,236,102
Expense recovery from Electra		-	(119,175)	(119,175)
Total	$ 6,703,474	$ 232,067	$ 496,245	$ 7,431,786

1) Cumulative costs are as follows: Bethania Silver Project, since acquisition of 100% on December 15, 2020; Kerr, since September 30, 2021 (consolidation date); Silver Kings JV, since September 1, 2021 (initial earn-in payment date).

Bethania Silver Project

The Company's goal for the Bethania Silver Project is to build a 350 tpd processing plant and substantial progress has been made on that project since completion of the acquisition on December 15, 2020. The cumulative costs detailed in the table above, reflect the achievement of the following:

- Completion of a two-phase drill program at Bethania
- Completion of an initial mineral resource and filing a National Instrument 43-101 ("NI 43-101") Technical Report
- Completion of a technical report relating to the PEA, prepared in accordance with NI 43-101
- Permitting of the project, including receipt of the construction authorization for a 350 tpd processing plant as well as tailings management facilities and other infrastructure.

The next significant milestone for the Company on the Bethania Silver Project is to initiate mine rehabilitation and underground development required to restart mining operations. Further work may include finalizing plans and making a construction decision on the process plant, with the ability to achieve this milestone subject to raising the required funding.

Silver Kings Project

In 2021, we completed two separate first-pass drill programs; drilling approximately 3,500 metres at the 100%-owned Kerr Project area with another 1,800 metres drilled at the Silver Kings JV. The costs in the above table (and the $208,172 in costs recorded on the Kerr Project as equity losses in CobalTech until consolidation on September 30, 2021) reflect expenditures for these drill programs (and related activities such as compiling historical data etc.), property maintenance costs other administrative activities. During 2022, the Company focused on consolidating a greater property package at the Silver Kings Projects through both staking new claims and amending our option agreement with Electra to acquire 100% of the Remaining Assets, which was completed subsequent to year end.

(Expressed in US Dollars)

CUMULATIVE EXPLORATION AND EVALUATION COSTS (cont'd…)

During the three months ended December 31, 2022, the Company raised CAD $1,150,000 in flow-through funds, which is expected to be spent on the property in 2023.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

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

		2022				2021			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Selected Financial Information									
Revenue	$	-	-	-	-	-	-	-	-
Exporation & evaluation expenditures	$	244,606	317,701	566,085	644,867	1,164,344	1,391,228	1,440,156	212,628
Administrative expenses[1]	$	808,951	791,783	770,806	681,474	801,446	733,687	649,662	511,295
Share-based compensation	$	41,296	132,032	278,618	229,664	67,082	116,681	281,422	58,485
Equity loss in CobalTech	$	-	-	-	-	-	97,327	110,845	-
(Gain) on settlement of accounts payable and accrued liabilities	$	-	-	(4,797)	-	(382,406)	(132,196)	-	-
Foreign exchange loss/(gain) and other [2]	$	11,390	78,643	42,772	23,681	25,340	(34,158)	(221,635)	120,499
Loss for the period	$	1,106,243	1,320,159	1,653,484	1,579,686	1,675,806	2,172,569	2,260,450	902,907
(Loss) per share - Basic and diluted [3]:	$/share	(0.02)	(0.03)	(0.04)	(0.04)	(0.04)	(0.05)	(0.06)	(0.02)

1. Administrative expense excludes share-based compensation
2. Other includes items such as interest income, accretion expense (commencing in Q1 2022) and other expenses
3. In periods when the Company has a loss, diluted loss per share is the same as basic loss per share.

Kuya Silver was privately held until the fourth quarter of 2020, when it completed the RTO transaction with Miramont and the acquisition of MTP. The Company currently has no revenue. Loss for the period can vary significantly quarter-over-quarter based on the amount of exploration and evaluation expenditures incurred, share-based compensation expense reported, and other items. Exploration and evaluation expenditures vary based on the exploration and evaluation activities in process during the period and time of year; share-based compensation expense can vary based on the timing and valuation of grants of share-based awards; and the timing and amount of other recurring and non-recurring items such as foreign exchange loss/(gain), (gain) on settlement of accounts payable and accrued liabilities, equity loss, accretion expense and other expense/(income).

The first quarter of 2021 was when the Company started ramping up activities at the Bethania Silver Project, hiring management personnel in Toronto and Peru and incurring additional administrative costs associated with being a publicly traded company. As the Company continued to grow during 2021, costs generally trended upwards, in line with hiring and growing the Company. Exploration and evaluation costs in 2021 include costs for our Bethania Silver Project, our Kerr Project and the Silver Kings JV. With the drill program at Bethania, and the advancement of the design of the mine and processing plant, exploration and evaluation expenses trended higher in the second and third quarter of 2021, ramping down in the fourth quarter. CobalTech was also acquired on March 1, 2021, and the Company started incurring exploration and evaluation expenditures in the second and third quarter of 2021 (included in equity losses until consolidation of CobalTech on September 30, 2021 and thereafter in evaluation and exploration expenses). Subsequent to the payment of the first payment for the Silver Kings JV, the Company also started incurring exploration and evaluation expenditures on that project.

SUMMARY OF QUARTERLY FINANCIAL RESULTS (cont'd…)

The first quarter of 2022 included costs for completing the mineral resource estimate and advancing the PEA and engineering work related to the Bethania Silver Project. Exploration costs were also incurred for the continued surface sampling and trenching program at Bethania which commenced on November 15, 2021. While administrative costs remained consistent from Q1, due to financing constraints, no new exploration programs were undertaken in the last three quarters of 2022. Expenditures focused on completing the PEA study, keeping the Bethania property in good standing, completing engineering work and mine plans at Bethania and assessing various options to add value for the Bethania Silver Project.

During the fourth quarter of 2022, the Company had a loss of $1,106,243 as compared to a loss of $1,675,806 in the same quarter of 2021. The loss for the quarter was comprised of $244,606 (2021 - $1,164,344) in exploration and evaluation expenditures, $850,247 (2021 - $868,528) in administrative expenses, including share-based compensation of $41,296 (2021 - $67,082), and foreign exchange and other expense of $11,390 (2021 - $25,340), which includes accretion expense on reclamation provisions of $11,525 (2021 - $nil). Losses for the quarter were lower in 2022 as compared to the same quarter of 2021 primarily because less funds were spent on exploration and evaluation costs on the Bethania Silver Project. During the fourth quarter, the Company completed the negotiations on the amendments to the Silver Kings JV agreement.

(Expressed in US Dollars)

LIQUIDITY AND CAPITAL RESOURCES

		Year ended December 31,		Year ended December 31,
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Loss for the year	$	(5,659,572)	$	(7,011,732)
Items not involving cash		812,797		188,005
Change in non-cash working capital		(132,951)		(619,963)
Net cash used in operating activities		(4,979,726)		(7,443,690)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Investment in and advances to CobalTech		-		(1,092,861)
Additions to facilities and equipment		-		(281,985)
Additions to exploration and evaluation assets		(60,000)		(858,500)
Cash acquired through acquisition of CobalTech		-		7,555
Net cash used in investing activities		(60,000)		(2,225,791)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Proceeds from issuance of share capital		4,460,268		7,650,175
Share issue costs		(391,502)		(567,961)
Proceeds from loans		232,141		-
Repayment of loans		(232,141)		-
Repayment of related party loans		-		(158,012)
Net cash provided by financing activities		4,068,766		6,924,202
Change in cash		(970,960)		(2,745,279)
Effect of foreign exchange on cash		15,228		(6,672)
Cash, beginning of period		2,152,611		4,904,562
Cash, end of period	$	1,196,879	$	2,152,611

The Company's cash position decreased from $2,152,611 at December 31, 2021 to $1,196,879 as at December 31, 2022. After taking into account the net cash of $4,068,766 provided by the various financings in 2022, $4,979,726 of cash was used for operating activities and $60,000 for investing activities.

(Expressed in US Dollars)

LIQUIDITY AND CAPITAL RESOURCES (cont'd…)

In fiscal 2022, cash was used primarily for general and administrative expenses and exploration and evaluation expenditures. Included in the $132,951 decrease in non-cash working capital items in 2022, is the prepayment of CAD $315,000 for the services agreement with Goldspot. In the comparable period in 2021, we used $7,443,690 of cash in operating activities, which included a $619,963 decrease in non-cash working capital, as we paid down accounts payable and accrued liabilities primarily in MTP.

In fiscal 2022, we used $60,000 in cash for the first of the amended payments for Carmelitas. In the same period in 2021, we invested $293,500 in Carmelitas, $1,092,861 for the CobalTech acquisition and activities, and made significant investments at Bethania, including $565,000 to acquire nearby concessions through a government regulated process and $281,985 for exploration camp facilities.

Net cash provided by financing activities for fiscal 2022 of $4,068,766, included: gross proceeds of CAD $723,901 from a private placement in June, CAD $3,167,100 of gross proceeds from a private placement in August, gross proceeds from a term loan financing of CAD $300,000, CAD $1,966,568 of gross proceeds from private placements in December, share issuance costs of $391,502 and subsequent repayment of the same CAD $300,000 term loan.

Net working capital was $341,259 as at December 31, 2022, compared to net working capital of $792,136 as at December 31, 2021 as shown below. The Company did not have sufficient cash as at December 31, 2022 to settle its current liabilities as they come due, nor did it have sufficient cash to meet the Company's administrative costs over the next twelve months.

Working Capital		**December 31, 2022**		**December 31, 2021**
Current assets	$	1,562,906	$	2,436,765
Current liabilities		1,221,647		1,644,629
Net working capital (deficiency)	$	341,259	$	792,136

Kuya Silver's continuation as a going concern is dependent upon its ability to complete financings sufficient to meet current and future obligations, the successful results from its business activities, and its ability to operate profitably and generate funds. While we raised gross proceeds of CAD $5,857,569 in 2022, additional funding will be needed to continue to fund ongoing administrative costs, exploration and evaluation related expenditures and advancement of the Bethania Silver Project and the Silver Kings Project over the upcoming twelve months.

Kuya Silver is continuing to explore and pursue various potential sources of financing, but there is no certainty that any additional financings will be completed. These factors indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

(Expressed in US Dollars)

SUBSEQUENT EVENTS

Subsequent to December 31, 2022, the Company:

a) made the final payment of $100,000 pursuant to the Carmelitas mineral property acquisition;
b) issued 2,702,703 common shares, in lieu of the CAD $1,000,000 cash payment, pursuant to the Silver Kings JV amended Purchase Agreement and Option;
c) issued 405,405 common shares on settlement of CAD $150,000, recorded in accounts payable and accrued liabilities;
d) entered into a settlement agreement with CSH and CPIC, which settles the Dispute between CSH and CPIC regarding certain mineral properties previously optioned by CPIC from CSH. The Dispute was transferred to the Company upon the Silver Kings JV amended Purchase Agreement and Option. To settle the Dispute, the Company issued 1,666,667 common shares to CSH and obtained a 100% interest in the mineral properties associated with the Dispute (subject to the royalty noted below). The Company also entered into a royalty agreement with CSH granting CSH a 2% royalty on net smelter returns from the related mineral properties;
e) granted 550,000 stock options at a price of $0.35 per common share, vesting 1/3 on grant, 1/3 after one year, and 1/3 after two years, expiring on January 25, 2028;
f) issued 150,000 common shares for settlement of vested RSUs;
g) granted 650,000 RSUs, vesting 1/2 after one year and 1/2 after two years; and and
h) closed, in two tranches, a non-brokered private placement and issued a total of 6,686,888 units at a price of CAD $0.27 per unit for total proceeds of CAD $1,805,460. Each unit consisted of one common share and one-half of one transferrable common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD $0.50 per common share for a period of 24 months from the date of issue. The Company paid a total of CAD $28,524 for finders' fees and issued 105,644 finders' warrants in connection with this private placement. Each finder's warrant entitles the holder to acquire one common share at a price of CAD $0.50 per common share for a period of 24 months from the date of issue.

TRANSACTIONS WITH RELATED PARTIES

We have identified the members of our Board of Directors ("Board") and certain senior officers as our key management personnel. The following summarizes the Company's related party transactions with those parties and their spouses during the three months and year ended December 31, 2022 and 2021:

	Three months ended December 31		Year ended December 31	
Related Party Transactions	**2022**	**2021**	**2022**	**2021**
Compensation, Management	$ 135,080	164,031	554,821	395,995
Compensation, Directors	23,950	18,826	97,125	87,787
Share-based compensation, Management[1,2]	272	32,296	418,443	139,578
Share-based compensation, Directors[1]	19,359	26,838	137,498	208,123
Consulting fees	-	-	5,957	-
	$ 178,661	**$ 241,991**	**1,213,844**	**831,483**

1. Share-based compensation for management and directors represent the fair value using the Black-Scholes option pricing model of options.
2. Share-based compensation for management includes the fair value of RSUs vested in the period. RSUs are recorded at fair value based on the market value on the grant date and charged to profit or loss over the vesting period of the RSUs.

(Expressed in US Dollars)

TRANSACTIONS WITH RELATED PARTIES (cont'd…)

On July 20, 2022, the Company entered into an unsecured loan agreement with a director of the Company whereby the director advanced the Company CAD $250,000 ($193,330) (2021 - $nil). The loan was subsequently repaid on August 24, 2022 (2021 - $nil). In addition, 375,000 warrants, valued at CAD $55,905 ($43,418), were issued to the director as compensation for the loan.

As at December 31, 2022, included in accounts payable and accrued liabilities was $53,703 (2021 - $19,643) owing to officers and directors.

In addition to management personnel, we have also identified SICG S.A.C., a company which provides engineering and subcontractor services to our operations in Peru as a related party as this company also provides key management personnel services to Kuya which are included in "Compensation, Management" in the Related Party Transactions table above. During the year ended December 31, 2022, administrative and exploration and evaluation expenditures of $219,290 (2021 - $237,356) were paid or accrued to this related entity. As at December 31, 2022, there were no amounts included in accounts payable and accrued liabilities for amounts owing to this entity (2021- $nil).

SHARE CAPITAL INFORMATION

The authorized capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at April 20, 2023, there were no preferred shares issued and outstanding. Changes in the number of common shares, stock options, share purchase warrants, finder's fee units, and restricted share units outstanding from December 31, 2022 to the Report Date are summarized below.

Common shares	
Balance as at December 31, 2022	58,831,801
Issued	11,611,663
Balance as at Report Date	**70,443,464**

Stock options	
Balance as at December 31, 2022	2,286,667
Granted	550,000
Forfeited	(151,667)
Expired	(30,000
Balance as at Report Date	**2,655,000**

Share purchase warrants	
Balance as at December 31, 2022	14,005,188
Issued	3,449,088
Balance as at Report Date	**17,454,276**

(Expressed in US Dollars)

SHARE CAPITAL INFORMATION (cont'd…)

Finder's fee units	
Balance as at December 31,2022 and Report Date	**13,395**

Restricted share units	
Balance as at December 31, 2022	275,000
Granted	650,000
Cancelled	(12,500)
Settled	(150,000)
Balance as at Report Date	**762,500**

The Company's shareholders approved an amended equity incentive plan (the "Plan") on June 29, 2022, which provides for the grant of stock options and awards ("Awards") that enable the acquisition of common shares of the Company. Awards include restricted share units ("RSUs") and performance share units ("PSUs"). The purpose of the Plan is to attract, retain and motivate directors, officers, employees and external service providers by providing them with the opportunity to acquire a proprietary interest in the Company. The options are equity-settled awards, while the RSUs and PSUs can be cash-settled or equity-settled awards as determined by the Board or a committee thereof. This Plan replaces the 2016 Stock Option Plan of the Company. The maximum number of common shares that may be issued pursuant to options and 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.

CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital Management

The Company defines capital as cash, debt, and the components of shareholders' equity. The Company's objectives when managing capital are to identify, pursue, and complete the exploration and development of its exploration and evaluation assets, to maintain financial strength, to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors. The Company does not have any externally imposed capital requirements. There has been no significant change in the Company's objectives, policies, and processes for managing its capital during the year ended December 31, 2022.

Off-Balance Sheet Arrangements

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

CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd…)

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, 2022, 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 does not have sufficient cash as at December 31, 2022 to settle its current liabilities as they come due and additional funds are required to continue current operations for the upcoming twelve months.

Market risk

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

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 $64,000 recorded in profit or loss for the year ended December 31, 2022. The effect of a 10% change in the foreign exchange rate on monetary balances held in CAD dollar and Peruvian soles accounts would be approximately $23,000 recorded in other comprehensive income or loss for the year ended December 31, 2022.

Interest rate risk – This risk relates to the change in the borrowing rates affecting the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% increase or decrease in the interest rates would have a nominal impact in interest income for the year ended December 31, 2022.

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.

CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd…)

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.

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

RISK FACTORS

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

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

RISK FACTORS (cont'd…)

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

Ability to Obtain Financing

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

Permits

The Company's activities and plans are subject to obtaining and renewing permits from governmental authorities. Obtaining or renewing the necessary permits is a complex and time-consuming process, with unique features in each jurisdiction, and it can require the Company to consult with various stakeholders and make costly commitments. The success of the Company's efforts to obtain and renew permits, and the length of these processes, depend on many variables beyond the Company's control, including the interpretation of applicable laws and regulations made by the relevant governmental authority. There can be no assurance, in relation to any of the Company's mineral projects, that necessary permits will be obtained by the Company in a timely manner, or at all, or that necessary Permits already held by the Company will be renewed in a timely manner, or at all. Further, new legislation may contain requirements for permits in addition to those that the Company already holds or is already pursuing. It is also possible that permits previously issued to the Company may be suspended for a variety of reasons, or that the relevant governmental authority may disagree with the Company on the scope, limitations, or meaning of an existing permit or group of related permits.

Permits have been granted to the various owners of the Bethania Property since the implementation of the first Peruvian environmental regulations. These permits have been transferred from owner to owner and are now held by MTP, the Peruvian subsidiary of the Company that owns the Bethania Property.

RISK FACTORS (cont'd…)

Permits (cont'd…)

The mine area was originally approved in 2009 through a Declaración de Impacto Ambiental (environmental impact statement) (the "DIA"), which addressed the environmental and social impact of the mine and allowed mining operations on the Santa Elena concession. The DIA has been modified several times, most recently in 2017. In December 2020, an application was submitted for further modification of the DIA, in support of the proposed expansion project, and that process is ongoing. In August 2020, the process plant area, tailings storage facility, and associated infrastructure for the proposed expansion project were approved through an Estudio de Impacto Ambiental semidetallado (semi-detailed environmental impact assessment) (the "EIA-sd"), following significant consultation with local stakeholders. The EIA-sd has been registered with the federal Ministry of Energy and Mines ("MEM"), as required.

Until May 2021, MTP qualified as a Pequeño Productor Minero (small mining producer) ("PPM"), and accordingly, the Bethania Property was under the jurisdiction of the Dirección Regional de Energía y Minas for the Huancavelica Region ("DREM"), which is an agency of the Huancavelica regional government. As a PPM under the jurisdiction of DREM, MTP enjoyed several advantages over mining companies that are subject to the General Regime administered by federal agencies, including a streamlined permitting process. Following the S&L Acquisition, MTP lost its PPM status and became subject to the more onerous General Regime, but because MTP initiated certain permitting processes with DREM before losing its PPM status, it is entitled to complete those processes with DREM. In January 2022, DREM authorized the construction of a process plant with an installed capacity of 350 tonnes per day, and related infrastructure, including a tailings management facility. In addition, DREM granted MTP a processing concession for the intended location of the plant. Similarly, the application to modify the DIA was submitted while MTP still had PPM status, and DREM continues to review that application. Going forward, all new permitting processes for either the mine area or the plant at the Bethania Property will take place at the national level, under the General Regime.

The Company believes that it has all the material Permits required for the construction of the process plant, underground mining, and start of commercial production at the Bethania Property, provided that the Company abides by the approved specifications and does not produce or process more than 350 tonnes of mineralized material per day from the relevant concessions.

Any delay or failure to obtain a new Permit or renew an existing Permit for the Bethania Silver Project on reasonable terms, or the expiry, suspension, or revocation of any such Permit, or any challenge to or rejection of the Company's understanding or interpretation of its existing Permits by any governmental authority, or any challenge to the status, validity, or terms of any of the Company's existing Permits launched by a third party, could have a material adverse effect on the Company's ability to implement its plans for the Bethania Silver Project, which in turn could have a material adverse effect on the Company's business, operations, and financial condition.

Limited Operating History

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

RISK FACTORS (cont'd…)

Exploration, Development, and Operating Risks

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

The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development, and production of precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines, processing facilities, and related infrastructure, damage to life or property, environmental damage, and possible legal liability. Although the Company plans to take adequate precautions to manage and minimize risk, processing operations are subject to hazards, such as equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

Political and Social Risk in Peru

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

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

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

RISK FACTORS (cont'd…)

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

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

There can be no assurance that the Company will be successful in fostering and maintaining social acceptance of the Bethania Silver Project, or avoiding the disruptions experienced by other mining companies in Peru. Further, while the Company takes security measures to protect both personnel and property, there is no guarantee that such measures will prove to be adequate or effective. The occurrence of illegal activity against the Company, its personnel, or its assets cannot be accurately predicted and could have a material adverse effect on the Company's operations.

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

Fluctuating Metal Prices and Marketability of Metals and Concentrates

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

RISK FACTORS (cont'd…)

Environmental Factors

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

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

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

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

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

RISK FACTORS (cont'd…)

Mineral Resource Estimates are Inherently Uncertain

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

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

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

Production Decision Without Identified Mineral Reserves

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

RISK FACTORS (cont'd…)

Competition

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

Dependence on Key Personnel

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

Volatility of Share Price

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

RISK FACTORS (cont'd…)

Volatility of Share Price (cont'd…)

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

Lack of Dividends

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

Risk of Dilution

Depending on the Company's exploration, development, and capital investment plans, acquisition activities, and operating and working capital requirements, the Company may issue additional shares as a means of raising capital or satisfying its obligations under option agreements or joint venture agreements, including but not limited to the Company's agreement with Electra in relation to the Silver Kings Project, or under exploration agreements or impact benefit agreements with Indigenous communities. If the Company is required to issue additional shares or decides to enter into joint venture arrangements in order to raise financing through the sale of shares at prices per share different that than the price paid by investors, investors' interests in the Company will be diluted, and investors may suffer dilution in their net book value per share, depending on the price at which the shares are sold.

The Company has also granted, and in the future may grant, to directors, officers, employees, and consultants, stock options to purchase shares as non-cash incentives, in accordance with the Company's stock option plan and the policies of the CSE. The issuance of additional shares upon the exercise of the stock options will cause existing shareholders to experience dilution of their ownership interests. As of the date of this MD&A, the issued and outstanding common shares and stock options, share purchase warrants, finder's fee units, and restricted share units are disclosed in the Share Capital Information section above, with the result that if all stock options, share purchase warrants, finder's fee units, and restricted share units were exercised and common shares were issued, they would represent approximately 22.35% of the Company's issued and outstanding common shares.

Insurance and Uninsured Risks

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

RISK FACTORS (cont'd…)

Insurance and Uninsured Risks (cont'd…)

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

Foreign Exchange

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

Financial Reporting Standards and Internal Controls

The Company prepares its financial reports and statements in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports and statements, management may need to rely upon assumptions, make estimates, or use its best judgment in determining the financial condition or results of operations of the Company. Significant accounting details are described in more detail in the notes to the Company's annual consolidated financial statements for the year ended December 31, 2021. Although the Company believes its financial reporting and financial statements are reliable, the Company cannot provide absolute assurance in that regard.

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

RISK FACTORS (cont'd…)

Growth Strategy

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

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

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

Joint Venture Risk

There are certain risks associated with joint venture arrangements, including the Company's joint venture with Electra in relation to the exploration and development of the Silver Kings Project (the "Silver Kings JV"). Any current or future joint venture partner of the Company may, without limitation: (a) have business interests or objectives that are inconsistent or incompatible with those of the Company; (b) disagree with the Company on how to explore or develop mineral properties; (c) take action contrary to the Company's interests; (d) be unable or unwilling to fulfill its obligations under the agreement that governs the applicable joint venture; or (e) experience financial, legal, or other difficulties. There can be no assurance that the Company will be able to control strategic decisions made in respect of mineral properties that are the subject of joint venture arrangements. Any of the foregoing could have a material adverse effect on the results of operations or financial condition of the Company. In addition, the termination or conclusion of any joint venture arrangement, or litigation between the Company and any of its joint venture partners, could have a material adverse effect on the results of operations or financial condition of the Company.

RISK FACTORS (cont'd…)

Title to Mineral Properties

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

Surface Rights and Access

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

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

Force Majeure Events including Pandemics, Natural Disasters and Other Disruptions

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

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

RISK FACTORS (cont'd…)

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

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

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

Global Economic Conditions

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

COVID-19 Pandemic

In March 2020, the World Health Organization declared a global pandemic of coronavirus disease 2019 ("COVID-19") caused by the novel coronavirus designated SARS-CoV-2. Global reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel and gatherings of individuals, quarantines, business closures, volatility in capital markets, and supply chain disruptions in a wide range of industries and markets. While many of the restrictions imposed during the COVID-19 pandemic are now being eased globally, the Company's business may still be impacted through lingering or renewed effects of the pandemic. The Company continues to closely monitor the evolving COVID-19 crisis, follow the advice and guidelines of government officials in Canada and Peru, and adhere to industry-wide best practices. While many of the disruptions to business activity caused by COVID-19 have eased significantly, infections may resurge at any time, either globally or in specific countries or regions, due to the emergence of new variants or for other reasons. Any such resurgence could adversely affect global or local economies, or lead to the renewal of restrictions, either of which could have a material adverse effect on the Company's prospects. The duration, severity, and geographic spread of any such resurgence, and its impact on the Company's operations and prospects, cannot be estimated with any degree of certainty at this time.

RISK FACTORS (cont'd…)

Climate Change

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

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

Inflation

The general rate of inflation impacts the economies and business environments in which the Company operates. Inflation increased significantly in 2022 and has continued to be elevated in 2023 as compared to historical norms. Accordingly, the Company expects that costs of all inputs to the Company's operations, including drilling and supplier costs and general employee and overhead costs, will increase. Increased inflation and any economic conditions resulting from governmental attempts to manage or reduce inflation, such as the imposition of higher interest rates or wage and price controls, may negatively impact the Company's costs, and have an adverse effect on the Company's operations and prospects.

Health and Safety

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

RISK FACTORS (cont'd…)

Health and Safety (cont'd…)

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

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

Information Systems and Cybersecurity

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

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

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

RISK FACTORS (cont'd…)

Information Systems and Cybersecurity (cont'd…)

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

Legal Proceedings

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

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

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

Reliance on Local Advisors

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

RISK FACTORS (cont'd…)

Anti-Corruption and Anti-Bribery Laws

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

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

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

RISK FACTORS (cont'd…)

Significant Shareholder Risk

As of the date of this MD&A, the Company's officers and directors beneficially own or control, directly or indirectly, approximately 10,729,986 common shares of the Company, which in the aggregate represent approximately 15.23% of the Company's outstanding common shares. As a result, if some or all of these shareholders act together, they may have the ability to control certain matters submitted to the Company's shareholders for approval, including amendments to the Company's articles of incorporation and by-laws and the approval of any business combination. This ability may delay or prevent any acquisition of the Company or cause the market price of the Company's common shares to decline. These shareholders may have interests that differ from other shareholders.

Fluctuation in the Price of Commodities

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

Enforcement of Legal Rights Outside Canada

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

Mine Closure Risks

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

RISK FACTORS (cont'd…)

Conflicts of Interest

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

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

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

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

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

Risk of Loss of Concentrate in Storage or Transit

The Company intends to produce concentrates from the Bethania Silver Project. These concentrates will have significant value. Storage and transportation of concentrate give rise to several risks, including but not limited to theft, sabotage, accidents, losses caused by adverse weather conditions, delays in delivery of shipments, and environmental liabilities. While the Company plans to mitigate the risks to its concentrate, whether in storage or during transportation, including by obtaining insurance, there can be no assurance that these measures will be effective, and any theft or loss of concentrate may have a material adverse impact on the Company's financial position and its relationships with purchasers of concentrate, local communities, and governmental authorities.

RISK FACTORS (cont'd…)

Unauthorized Mining

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

ACCOUNTING DISCLOSURES

New Accounting Policies Adopted

Share-based compensation

The Company's shareholders approved the Plan on June 29, 2022, which provides for the grant of options and Awards (RSUs and PSUs) that enable the acquisition of common shares of the Company. The options are equity-settled awards, while the RSUs and PSUs can be cash-settled or equity-settled awards as determined by the Company's Board or a committee thereof, at the time of grant.

The Company determines the fair value of the Awards on the date of grant. This fair value is charged to profit or loss over the vesting period of the awards, with a corresponding credit to reserves if equity-settled. If the Award is cash-settled and recorded as an obligation, the obligation is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized in administrative expense in profit or loss.

Flow-through common shares

The Company may, from time to time, issue flow-through common shares (as defined in the *Income Tax Act* (Canada)) to finance a portion of its Canadian exploration and development programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the proceeds received from flow-through common shares into: a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a liability, and share capital. The Company estimates the portion of the proceeds attributable to the premium as being the excess of the subscription price over the fair value of the shares without the flow-through feature at the time of issuance. Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized and the flow-through share premium is amortized to profit or loss on a pro-rata basis.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

ACCOUNTING DISCLOSURES (cont'd…)

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, 2023 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:

<u>IAS 12, Income Taxes</u>

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. Management does not currently anticipate these amendments having a material effect on the Company's consolidated financial statements for 2023, they may have an effect in periods beyond 2023.

<u>IAS 1, Presentation of Financial Statements</u>

The amendments clarify the requirements for classifying liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. This amendment is effective for financial statements beginning on or after January 1, 2024, with early adoption permitted.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

All statements, other than statements of historical fact, contained or incorporated by reference in this MD&A, including but not limited to any information as to the future financial or operating performance of the Company, constitute "forward-looking information" or "forward-looking statements" within the meaning of certain securities laws, and are based on expectations, estimates and projections as of the date of this MD&A. Forward-looking statements contained in this MD&A include, but are not limited to, those under the headings "Company Overview," "Corporate Update and Outlook" and "Liquidity and Capital Resources," and include, without limitation, statements with respect to: capital requirements and capital expenditures; the Company's working capital needs for the next twelve months, and the availability of financing to meet those needs; the schedules and budgets for the Company's development projects; success of exploration and development activities; project studies; and permitting matters. The words "may," "can," "could," will," "expect," "believe," "plan," "intend," "explore," "estimate," "advance," "future," "target," "goal,", "objective," "possibility," "opportunity," "anticipate," "potential," "ongoing," "next," "pursue," and "continue," and similar words and phrases, and variations of these words and phrases, and statements that certain actions, events or results may, could, should or will be taken, will occur or will be achieved, identify forward-looking statements. Forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business and economic uncertainties and contingencies. The estimates and assumptions of the Company referenced, contained or incorporated by reference in this MD&A, which may prove to be incorrect, include but are not limited to the various assumptions set forth herein, as well as: (1) there being no significant disruptions affecting the operations of the Company, whether due to extreme weather events or other natural disasters, labour disruptions (including but not limited to strikes or workforce reductions), supply disruptions, power disruptions or damage to equipment; (2) permitting for the Company's development projects being consistent with the Company's current expectations; (3) advancement of exploration consistent with the Company's expectations at the Company's projects; (4) political and legal developments in any jurisdiction in which the Company operates being consistent with its current expectations including, without limitation, the impact of any political tensions and uncertainty in the Republic of Peru or any restrictions or penalties imposed, or actions taken, by any government, including but not limited to potential amendments to customs, tax and mining laws; (5) the completion of studies on the timelines currently expected and the results of those studies being consistent with the Company's current expectations; (6) certain price assumptions for silver; (7) access to capital markets consistent with the Company's expectations, and sufficient to fund the activities of the Company for the next twelve months; (8) potential direct or indirect operational impacts resulting from infectious diseases or pandemics such as the ongoing COVID-19 pandemic; (9) the effectiveness of preventative actions and contingency plans put in place by the Company to respond to the COVID-19 pandemic, including, but not limited to, social distancing and travel restrictions; and (10) changes in national and local government legislation or other government actions, particularly in response to the COVID-19 pandemic. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: the inaccuracy of any of the foregoing assumptions; fluctuations in the currency markets; fluctuations in the spot and forward price of silver or certain other commodities (such as fuel and electricity); changes in national and local government legislation, taxation, controls, policies and regulations; the security of personnel and assets; political or economic developments in Canada, Peru or other countries in which the Company does business or may carry on business; business opportunities that may be presented to, or pursued by, the Company; operating or technical difficulties in connection with mining or development activities; employee relations; litigation or other claims against, or regulatory investigations and/or any enforcement actions, administrative orders or sanctions in respect of the Company (and/or its directors, officers, or employees) including, but not limited to, securities class action litigation in Canada, environmental litigation or regulatory proceedings or any investigations, enforcement actions and/or sanctions under any applicable anti-corruption, international sanctions and/or anti-money laundering laws and regulations in Canada, Peru or any other applicable jurisdiction; the speculative nature of silver exploration and development including, but not limited to, the risks of obtaining necessary licenses and permits; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of silver exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by this cautionary note and those made in our other filings with securities regulators. These factors are not intended to represent a complete list of the factors that could affect the Company. The Company disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.