KUYA SILVER CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2023

(Expressed in US Dollars)

Report Date – May 24, 2023

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and the financial condition of Kuya Silver Corporation ("Kuya Silver", the "Company", "we", or "our") as at and for the three months ended March 31, 2023. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes thereto for the three months ended March 31, 2023 and the audited annual consolidated financial statements and related notes as well as the related annual MD&A 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 Statements included in this MD&A and to consult the Company's audited annual consolidated financial statements and corresponding notes as well as the MD&A for the year ended December 31, 2022, which are available under the Company's profile on the SEDAR website at www.sedar.com.

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, including IAS 34 Interim Financial Reporting. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument ("NI") 51-102 of the Canadian Securities Administrators.

All amounts disclosed in this MD&A are expressed in United States ("US") dollars ("USD"), unless otherwise noted. Canadian dollars are represented by CAD $. Information contained herein is presented as at May 24, 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 mine (Santa Elena concession), Bethania plant (beneficiation) concession, 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 tonnes 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.

<u>Bethania</u>

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.

<u>Carmelitas Concessions</u>

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.

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

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

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.

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 in early 2023 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. Certain of the claims that are part of the Remaining Assets are subject to a 2% net smelter returns royalty, as detailed below in the "Silver Kings Project (Ontario, Canada)" section.

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.

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

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

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.

Silver Kings (formerly Silver Kings JV)

To fully exercise the option, the Company was to make payments totaling CAD $2,000,000 and complete work commitments of CAD $4,000,000 by September 1, 2024. As per the December 31, 2022 amendment to the original agreement, the Company may now acquire 100% interest in the Remaining Assets by making an additional cash payment of CAD $1,000,000. As per the amendment, the Company also agrees to grant a 2% royalty on net smelter returns from commercial production on the Remaining Assets to Electra. The Company will no longer be required to complete any work commitments.

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

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. In connection with settling the Dispute, the Company also entered into an agreement with CSH granting CSH a 2% royalty on net smelter returns from the related mineral properties.

CORPORATE UPDATE AND OUTLOOK

Financings

The Company started 2023 with $1,196,879 in cash, from financings obtained through various means during 2022. Included in the opening cash balance are the remaining flow-through share funds of $844,780. 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.

April 2023

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.

Exploration and evaluation assets

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, training to the potential workforce 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

Kuya Silver has completed transactions that consolidate 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. The current plan for exploration is to complete the remainder of the drill program, including receipt and interpretation of the assay results.

(Expressed in US Dollars)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Details of the significant expenditures for the three months ended March 31, 2023, are described below.

Selected Financial Information	**Three months ended March 31**			
		2023		2022
Revenue	**$**	-	$	-
Exploration & evaluation expenditures		**841,931**		644,867
Administrative expenses[1]		**497,581**		681,474
Share-based compensation		**78,288**		229,664
Other (income) expense		**(70,165)**		23,681
(Loss) for the period	**$**	**(1,347,635)**	$	(1,579,686)
(Loss) per share (Basic and diluted)[2]:	**$**	**(0.02)**	$	**(0.03)**

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

During the first quarter of 2023, we had a loss of $1,347,635 as compared to a loss of $1,579,686 in the same quarter of 2022. The loss for the quarter was comprised of $841,931 (2022 - $644,867) in exploration and evaluation expenditures, $575,869 (2022 - $911,138) in administrative expenses, which includes share-based compensation of $78,288 (2022 - $229,664), and other income (expense) of $70,165 (2022 - $(23,681)). For a discussion of the quarter-over-quarter changes in these amounts, refer to the remainder of this section.

(Expressed in US Dollars)

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

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the three months ended March 31, 2023 and 2022 are as follows:

Exploration and evaluation expenditures	**Three months ended March 31**	
	2023	2022
Bethania Silver Project		
Civil works and engineering	$ 19,233	$ 187,207
Geology and drilling	15,053	105,471
Operations and supplies	66,071	95,552
Property maintenance, licences and rights	31,868	4,808
Safety and environment	15,315	41,601
Value Added Tax ("VAT")	15,555	65,649
Wages and benefits	50,861	94,466
	213,956	594,754
Silver Kings Project		
Civil works and engineering	103,302	-
Geology and drilling	412,148	-
Operations and supplies	32,657	6,801
Property maintenance, licenses and rights	-	6,595
Safety and environment	2,656	1,841
Wages and benefits	77,212	34,876
	627,975	50,113
Total	**$ 841,931**	**$ 644,867**

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 current quarter, expenditures have continued to be incurred primarily on general operating and maintenance costs.

Silver Kings Project

Exploration and evaluation expenditures during the quarter were made for compiling historic data, analyzing drilling geochemistry, preparing for and commencing field work and running the drill program, and bedrock mapping. The focus of the work on the Silver Kings project during the quarter was executing the drill program.

(Expressed in US Dollars)

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

Administrative Expenses

Administrative Expenses	Three months ended March 31	
	2023	2022
Administrative costs	$ 9,981	$ 10,662
Directors' fees	24,915	24,056
Filing fees	8,825	7,389
Management fees	15,526	16,585
Marketing and investor relations	39,841	57,261
Office and miscellaneous	86,353	106,499
Professional fees	66,284	78,094
Share-based compensation	78,288	229,664
Shareholder communication	2,802	2,922
Transfer agent	2,803	1,790
Travel	28,035	51,641
Wages and benefits	212,216	324,575
	$ 575,869	$ 911,138

Administrative expenses of $575,869 were incurred in the three months ended March 31, 2023 as compared to $911,138 in the same period in 2022. The overall decrease in costs is a result of the Company conserving funds as it worked on completing a financing. The decreased share-based compensation expense is driven by the timing of the vesting of previously granted stock options and restricted share units ("RSUs"). Additionally, the fair value calculated on the recent option grant has decreased from prior years' grants. Wages and benefits decreased in the current quarter as the prior CFO left the Company at the start of the period and the interim CFO's fees are recorded in professional fees. Professional fees decreased as the auditors did not perform work in the current interim period, as compared to the comparative period. Wages and benefits also decreased as in-house legal counsel that was employed by the Company in 2022 left in the current period.

Other Items

Included in other income/expense are the following: foreign exchange loss/(gain), accretion expense, gain on settlement of accounts payable and accrued liabilities, and recognition of the flow-through share premium as flow-through funds are spent. Foreign exchange losses and gains are due to fluctuations in the Peruvian Sol ("PEN") and the USD to the CAD. Also included in the other expense for 2023 is $14,891 of accretion expense related to the reclamation provision (2022 - $12,372), which was recorded as an increase to the reclamation provision on Kerr. In December 2022, the Company recorded a flow-through share premium of $118,278 on the issuance of flow-through shares. The flow-through share premium is reduced on a pro-rata basis as qualifying resource expenditures are incurred. The Company incurred exploration and evaluation expenditures on the Silver Kings Project in the current period as we spent the flow-through funds. This resulted in the recognition of the premium on the flow-through shares of $87,917 to other income. Lastly, the gain on settlement of accounts payable in the current period of $13,440 was a result of issuing shares to Electra to settle debt.

(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 March 31, 2023:

Project	Bethania Silver Project	Silver Kings Project	Total
Civil works and engineering	$ 2,168,471	$ 103,302	$ 2,271,773
Geology and drilling	1,274,025	694,582	1,968,607
Operations and supplies	1,078,079	144,054	1,222,133
Property maintenance, licences and rights	105,539	21,587	127,126
Safety and environment	408,714	38,192	446,906
VAT	992,172	-	992,172
Wages and benefits	890,430	473,745	1,364,175
Expense recovery from Electra	-	(119,175)	(119,175)
Total	$ 6,917,430	$ 1,356,287	$ 8,273,717

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

Bethania Silver Project

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 these milestones 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 reflect expenditures for these drill programs (and related activities such as review of assay results and compiling historical data etc.), property maintenance costs and other related activities. During 2022, the Company focused on consolidating a greater property package at the Silver Kings Project through both staking new claims and amending our option agreement with Electra to acquire 100% of the Remaining Assets, subject to a royalty of 2% of net smelter returns, which was completed during the first quarter of 2023.

(Expressed in US Dollars)

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.

		2023	2022				2021		
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Selected Financial Information									
Revenue	$	-	-	-	-	-	-	-	-
Exporation & evaluation expenditures	$	841,931	244,606	317,701	566,085	644,867	1,164,344	1,391,228	1,440,156
Administrative expenses[1]	$	497,581	808,951	791,783	770,806	681,474	801,446	733,687	649,662
Share-based compensation	$	78,288	41,296	132,032	278,618	229,664	67,082	116,681	281,422
Equity loss in CobalTech	$	-	-	-	-	-	-	97,327	110,845
(Gain) on settlement of accounts payable and accrued liabilities	$	(13,440)	-	-	(4,797)	-	(382,406)	(132,196)	-
Other (income) expense [2]	$	(56,725)	11,390	78,643	42,772	23,681	25,340	(34,158)	(221,635)
Loss for the period	$	1,347,635	1,106,243	1,320,159	1,653,484	1,579,686	1,675,806	2,172,569	2,260,450
(Loss) per share - Basic and diluted [3]:	$/share	(0.02)	(0.02)	(0.03)	(0.04)	(0.04)	(0.04)	(0.05)	(0.06)

1. Administrative expense excludes share-based compensation
2. Other (income) expense 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.

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, accretion expense and other expense/(income).

The Company continued to grow during 2021, and 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.

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 completed the negotiations on the amendments to the Silver Kings JV agreement.

(Expressed in US Dollars)

SUMMARY OF QUARTERLY FINANCIAL RESULTS (cont'd…)

During the first quarter of 2023, the Company ramped up work on the Silver Kings Project. In Q4 2022, we raised CAD $1,150,000 in flow-through funds, which is expected to be spent on the Silver Kings Project in 2023. There was a decrease in funds spent on exploration and evaluation costs on the Bethania Silver Project compared to Q1 2022.

LIQUIDITY AND CAPITAL RESOURCES

		Three months ended March 31, 2023		Three months ended March 31, 2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Loss for the period	$	(1,347,635)	$	(1,579,686)
Items not involving cash		(87,218)		279,902
Change in non-cash working capital		696,118		(37,571)
Net cash used in operating activities		(738,735)		(1,337,355)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Disposal of facilities and equipment		20,500		-
Additions to exploration and evaluation assets		(100,000)		-
Net cash used in investing activities		(79,500)		-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Share subscriptions received in advance		96,279		-
Net cash provided by financing activities		96,279		-
Change in cash		(721,956)		(1,337,355)
Effect of foreign exchange on cash		2,331		53
Cash, beginning of period		1,196,879		2,152,611
Cash, end of period	**$**	**477,254**	**$**	**815,309**

The Company's cash position decreased from $1,196,879 at December 31, 2022 to $477,254 as at March 31, 2023. After taking into account the cash of $96,279 provided by the share subscriptions received in advance, $738,735 of cash was used for operating activities and $79,500 for investing activities.

In the first quarter of 2023, cash was used primarily for general and administrative expenses and exploration and evaluation expenditures, which is consistent with the comparative quarter. In addition, there was cash paid for additions to exploration and evaluation assets in the current quarter. This was for the remaining balance owed on the Carmelitas property (part of Bethania) and had been previously accrued. Additionally, $20,500 was received in the current quarter from the sale of vehicles. This is as compared to no cash used in investing activities in the first quarter of 2022, nor were there any cash proceeds from financing activities. In the current quarter, $96,279 was received for share subscriptions received in advance for the private placement that closed subsequent to period end.

(Expressed in US Dollars)

LIQUIDITY AND CAPITAL RESOURCES (cont'd…)

The Company had a net working capital deficiency of $679,519 as at March 31, 2023, compared to net working capital of $341,259 as at December 31, 2022, as shown below. The Company did not have sufficient cash as at March 31, 2023 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, although the Company did raise total proceeds of CAD $1,805,460 from a non-brokered private placement of common shares in April 2023.

Working Capital		**March 31, 2023**		**December 31, 2022**
Current assets	$	730,584	$	1,562,906
Current liabilities		1,410,103		1,221,647
Net working capital (deficiency)	$	(679,519)	$	341,259

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 fiscal 2022 and CAD $1,805,460 subsequent to period end, 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.

Use of Proceeds

Except for the CAD $1,150,000 of flow-through shares issued in December 2022, the funds raised in in fiscal 2022 were to be used for general working capital purposes, which includes expenditures on exploration and evaluation assets and administrative expenses. The flow-through share funds are being incurred on qualifying exploration expenditures on the Silver Kings Project. The funds raised subsequent to March 31, 2023 are to be used for general working capital purposes.

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 ended March 31, 2023 and 2022:

(Expressed in US Dollars)

TRANSACTIONS WITH RELATED PARTIES (cont'd…)

Related Party Transactions	**Three months ended March 31**	
	2023	**2022**
Compensation, Management	$ 134,405	$ 142,675
Compensation, Directors	24,028	23,006
Share-based compensation, Management[1,2]	48,318	134,853
Share-based compensation, Directors[1]	17,694	37,227
	$ 224,445	**$ 337,761**

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 also includes the fair value of RSUs in the 2023 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.

As at March 31, 2023, included in accounts payable and accrued liabilities was $73,388 (December 31, 2022 - $53,703) owing to officers and directors.

In addition to management personnel, we have also identified SICG S.A.C., a company which provides engineering and subcontractor services to our operations in Peru as a related party as this company also provides key management personnel services to Kuya which are included in "Compensation, Management" in the Related Party Transactions table above. During the three months ended March 31, 2023, administrative and exploration and evaluation expenditures of $26,065 (March 31, 2022 - $91,668) were paid or accrued to a related entity, which provides engineering and subcontractor services for the Bethania Silver Project. As at March 31, 2023, included in accounts payable and accrued liabilities was $28,124 (December 31, 2022 - $nil) owing to this entity.

COMMITMENTS AND CONTINGENCIES

Commitments

As at March 31, 2023, the Company has a commitment to pay a monthly fee of $5,000 for advisory services provided to the Company in Peru to a shareholder of the Company. This commitment remains in place for as long as this shareholder maintains a share ownership position of more than five percent of the Company.

During the year ended December 31, 2022, the Company raised flow-through funds and agreed to use its commercially reasonable best efforts to incur qualifying exploration expenditures by December 31, 2023. As at March 31, 2023, the Company was obligated to incur $217,666 in qualifying exploration expenditures.

Contingencies

As at March 31, 2023, the Company has the following contingency: MTP withheld an accrued payment of $140,000 due to Compañía Minera San Valentín S.A.C. ("San Valentin") and an arbitration was initiated by San Valentin against the Company before an arbitration panel. The Company was ordered to pay $93,597 plus penalties, interest and legal fees to the courts per a judicial order in settlement for the $140,000. In November 2021, the Company paid $93,597 towards the settlement. There is currently $46,403 included in accounts payable and accrued liabilities as at March 31, 2023 with respect to San Valentin for penalties, interest and legal fees.

(Expressed in US Dollars)

SHARE CAPITAL INFORMATION

The authorized capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at May 24, 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 March 31, 2023 to the Report Date are summarized below.

Common shares	
Balance as at March 31, 2023	63,756,576
Issued	6,686,888
Balance as at Report Date	**70,443,464**

Stock options	
Balance as at March 31, 2023	2,655,000
Forfeited	(195,000)
Balance as at Report Date	**2,460,000**

Share purchase warrants	
Balance as at March 31, 2023	14,005,188
Issued	3,449,088
Balance as at Report Date	**17,454,276**

Finder's fee units	
Balance as at March 31, 2023 and Report Date	**13,395**

Restricted share units	
Balance as at March 31, 2023 and Report Date	**762,500**

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 three months ended March 31, 2023.

Off-Balance Sheet Arrangements

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

Financial Instrument Risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at March 31 2023, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

<u>Credit risk</u>

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.

<u>Liquidity risk</u>

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 March 31, 2023 to settle its current liabilities as they come due and additional funds are required to continue current operations for the upcoming twelve months.

<u>Market risk</u>

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

CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd…)

Foreign currency exchange risk – This risk relates to any changes in foreign currencies in which the Company transacts. The Company incurs costs for goods and services denominated in currencies other than the presentation currency and is subject to foreign currency risk on assets and liabilities denominated in currencies other than the United States dollar. The effect of a 10% change in the foreign exchange rate on monetary balances held in United States dollar and Peruvian soles accounts would be approximately $6,000 recorded in profit or loss for the three months ended March 31, 2023. 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 $91,000 recorded in other comprehensive income or loss for the three months ended March 31, 2023.

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 three months ended March 31, 2023.

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

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

Fair value hierarchy

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

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

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.

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, mine rehabilitation, 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.

In addition to the foregoing, Kuya Silver is subject to a number of other risks and uncertainties which are disclosed in full detail under the heading "Risk Factors" in the MD&A for the year ended December 31, 2022. The risks and uncertainties 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 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.

ACCOUNTING DISCLOSURES

New Accounting Policies Adopted

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

Effective January 1, 2023, the Company adopted the amendments to *IAS 12, Income Taxes*, which requires companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. There was no impact on the condensed interim consolidated financial statements on adoption.

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, 2024 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 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.

The Company is assessing the potential impact of the application of this standard.

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.