KUYA SILVER CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021

(Expressed in US Dollars)

Report Date – November 26, 2021

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MANAGEMENT’S DISCUSSION & 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 and its subsidiaries (the “Company”, “we”, or “our”) for the three and nine months ended September 30, 2021. This MD&A should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and related notes thereto for the nine months ended September 30, 2021 and the audited annual consolidated financial statements and related notes as well as the related annual MD&A for the year ended December 31, 2020. 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 and to consult the Company’s annual MD&A and audited annual consolidated financial statements for 2020 and corresponding notes to the financial statements as well as the Annual Information Form (“AIF”) for the year ended December 31, 2020 (amended and restated at October 15, 2021), which are available on 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. 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 US dollars, unless otherwise noted. Canadian dollars are represented by CAD $. Information contained herein is presented as at November 26, 2021 (the “Report Date”) unless otherwise indicated.

COMPANY OVERVIEW

Kuya Silver Corporation (the "Company") is a mineral exploration and development company with a focus on acquiring, exploring, and advancing precious metals assets in Peru and Canada. Effective October 1, 2020, Kuya Silver Corp. ("Kuya"), a privately held Canadian-based, silver-focused junior mining company, incorporated on August 9, 2017, completed a reverse takeover ("RTO") transaction with Miramont Resources Corp. ("Miramont"). Miramont was incorporated on July 15, 2015, under the Business Corporations Act (British Columbia). On completion of the RTO transaction, Miramont changed its name to Kuya Silver Corporation.

Reverse Takeover Transaction

As part of the RTO, Miramont consolidated its share capital on a 10:1 basis effective October 1, 2020 and then issued 26,763,410 post-consolidation common shares for the acquisition of all the issued and outstanding shares of Kuya. All share and per share amounts of Miramont and the Company in this MD&A reflect the 10:1 consolidation.

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

OVERVIEW OF EXPLORATION AND EVALUATION ASSETS

Bethania Project (Huancavelica, Peru)

In October 2017, Kuya entered into the original share purchase agreement (the "Share Purchase Agreement") to acquire 80% of the shares of S&L Andes Export S.A.C. ("S&L Andes"), 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 the "Bethania Project"). S&L Andes operated the Bethania Project from 2010 to 2016, by mining ore and trucking the ore to nearby plants for processing into concentrates. S&L Andes ceased mining at the Bethania Project in 2016 and put the mine into care and maintenance at that time. To earn the 80% interest, Kuya was required to make payments totaling \$8,000,000 (including \$2,500,000 towards repayment of existing liabilities of S&L Andes, \$2,000,000 to fund ongoing operations of S&L Andes and the Bethania Project, and \$3,500,000 cash on closing) and issue 2,000,000 common shares of Kuya on closing.

In October 2020, the Company agreed to acquire the remaining 20% interest in S&L Andes for a total of $1,750,000 of cash and shares, and on December 15, 2020, completed the purchase of 100% of S&L Andes. As consideration on closing, the Company paid $4,191,822, applied the agreed $715,000 of previous funding as an advance against the final payments and issued a total of 3,929,288 common shares, at a value of $6,084,497 or CAD $1.97 ($1.55) per share. The Company subsequently changed the name of S&L Andes to Minera Toro de Plata S.A.C.

<u>Carmelita 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 "Carmelita"), totaling 800 hectares, which are strategically located less than three kilometers west of Bethania. The Carmelita concessions were host to small-scale mining activities until early 2020, producing silver-polymetallic material very similar to Bethania. Kuya Silver plans to incorporate Carmelita into its operations at Bethania going forward.

The total purchase price of $892,500, consists of $492,500 in cash and $400,000 in common shares. Upon signing of the agreements, $293,500 was paid, and the remaining $199,000 will be paid on or before the 12-month anniversary of the signing of the agreements. The $400,000 in common shares in the capital of the Company will be issued on the eighteen-month anniversary of signing the agreements 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.

<u>Tres Banderas and Chinita Concessions</u>

These claims and 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 the Bethania mine. Chinita I (200 ha) is held by Minera Toro de Plata S.A.C. and was acquired with Bethania in the same transaction. Tres Banderas 01 and 02 (2,500 ha) were acquired (by Kuya Silver Peru S.A.C.) through an open application process in 2019-2020.

On November 15, 2021, Tres Banderas 03, Tres Banderas 04, Tres Banderas 05, Tres Banderas 06 and Tres Banderas 07 mineral claims that are contiguous to the concessions and claims comprising the Bethania mine were acquired (by Kuya Silver Peru S.A.C.) for a total cost of $565,000 via a sealed bid government auction, representing approximately 1,800 net hectares (22 claim blocks).

Silver Kings Project (Ontario, Canada)

On March 1, 2021, the Company completed an agreement to acquire, from Electra Battery Materials Corporation ("Electra", formerly known as First Cobalt Corp.), 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 and to form a joint venture with Electra, through it's wholly owned subsidiary Cobalt Industries of Canada Inc. ("CIC") that owns the Remaining Assets (the "Option").

The entire 10,000-hectare land package consisting of the 100%-owned Kerr Assets (which going forward, will be referred to as the Kerr Project) and the joint venture with Electra will be known as the Silver Kings Project and the joint venture itself will be referred to as the Silver Kings JV.

(Expressed in US Dollars)

Kerr Project

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"). 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 Purchase Agreement, the Class A shares could not be redeemed until CobalTech incurred the CAD $500,000 of flow through eligible expenditures. As at September 30,2021, having incurred the CAD $500,000 of flow-through eligible expenditures, CobalTech renounced these flow-through eligible expenditures to Electra and redeemed the Class A shares.

Silver Kings JV

To fully exercise the Option, the Company must make payments totaling CAD $2,000,000 (and complete work commitments of CAD $4,000,000, as follows:

Work Commitments for Silver Kings JV	**Acquisition in cash (CAD$)**	**Work commitment s (CAD$)**
Requirements on or before:		
September 1, 2021 ("Initial Earn-In") – completed	$ 1,000,000	$ -
September 1, 2022 (49% interest)	300,000	2,000,000
September 1, 2023 (additional 11% interest)	350,000	1,000,000
September 1, 2024 (additional 10% interest)	350,000	1,000,000
	$ 2,000,000	**$ 4,000,000**

For the Initial Earn-In, the purchase agreement provides that the Company may issue an equivalent value in common shares of the Company at the 20-day VWAP ("Earn-in VWAP") in lieu of making the cash payment and for each acquisition payment thereafter, in lieu of making cash payments, the Company may issue shares at an issuance price equivalent to the Earn-In VWAP.

On September 1, 2021, the Company issued 671,141 common shares to Electra, for the Initial Earn-in payment and will work with Electra to enter into a joint venture agreement on terms to be negotiated for the joint exploration and development of the Remaining Assets.

Sunrise Claims

In November 2021, Kuya Silver staked a total of 3,207 ha in the Temiskaming region consisting of two claim packages (west of the Kerr Assets and Remaining Assets) for a total cost of CAD $7,300.

CORPORATE UPDATE & OUTLOOK

Kuya Silver is undergoing a period of growth as it advances exploration and development of the Bethania Project in Peru and continues with exploration activities at the Silver Kings Project in Ontario.

At Bethania, Phase 1 of the drill program, the results of which were announced on July 26, 2021, successfully achieved the Company's objectives of demonstrating and confirming mineralization in unmined extensions of the Bethania vein system, both along strike and at depth, as well as identifying new vein targets within the northeast-trending Bethania vein system.

On November 15, 2021, we announced the commencement of the second phase of the exploration program at Bethania. This next phase includes a detailed surface sampling and trenching program designed to gather more data on the host rock and veins that outcrop on surface to determine strike length, width of mineralization, variation in geometry and other important features such as branching or intersection of veins. Over the coming months, we plan to continue with a multi-phase exploration program, the goals of which are to expand the resource base at the Bethania Project by extending known mineralization along strike and at depth, to gain a better understanding of the controls on mineralization in newly identified mineralized zones such as the Hilltop Zone and Carmelita for potential future resource growth and to prospect our properties in the Bethania district for additional near-surface mineralized vein targets.

As part of our development program for Bethania, Kuya Silver engaged third party consultants to complete an updated mineral resource estimate and, separately, a preliminary economic assessment (PEA) on the Bethania expansion project. In the quarter, we made significant progress and completed the vast majority of the work on the updated resource estimate, the results of which we expect to report by year end. We also made substantial progress on the detailed engineering and design work on a 350 tonne per day ("tpd") processing facility and tailings storage facility, such that necessary documentation for permitting could be submitted. We have also commenced work on the underground mine design. These, together with updated mineral resource model for Bethania, will all culminate into a PEA on the project.

The acquisition of the new concessions (Tres Banderas 03, Tres Banderas 04, Tres Banderas 05, Tres Banderas 06 and Tres Banderas 07) announced on November 18, 2021, are strategic acquisitions that are contiguous to the Bethania mine and Carmelita concessions which could increase the exploration potential of the Bethania project.

On the Silver Kings Project, we continue to await results on an exploratory 3,500-metre drill program focused in the 100%-owned Kerr Project area and have commenced a 2,000+ metre drill program at the Silver Kings JV. This drill program is designed to test for high-grade silver-cobalt veins at depth focusing on targets towards the southern end of the property package near the past producing Keeley and Frontier mines. Having made the Initial Earn-In Payment on September 1, 2021, we expect to negotiate and enter into a joint venture agreement with Electra for the joint exploration and development of the Remaining Assets.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

During the third quarter of 2021, we had a loss of $2,172,569 as compared to a loss of $372,011 in the same quarter of 2020. The third quarter of 2021 was a period of continued growth with the completion of Phase 1 of the drill program at Bethania, the advancement of the updated mineral resource and PEA, the detailed design of the planned processing plant and tailings storage facility as well as the continuation of activities at our Silver Kings Project.

(Expressed in US Dollars)

Selected Quarterly Financial Information	**Three months ended Sept 30**		**Nine months ended Sept 30**	
	2021	2020	**2021**	2020
Selected Financial Information				
Revenue	$ -	$ -	$ -	$ -
Exporation & evaluation expenditures	**1,391,228**	-	**3,044,012**	3,561
Administrative expenses[1]	**733,687**	363,422	**1,894,644**	433,419
Share-based compensation	**116,681**	8,645	**456,588**	25,934
Equity loss in CobalTech	**97,327**	-	**208,172**	-
Foreign exchange (gain) & other[2]	**(166,354)**	(56)	**(267,490)**	(419)
(Loss) for the period	**$ (2,172,569)**	(372,011)	**(5,335,926)**	$ (462,495)
(Loss) per share (Basic and diluted)[3]:	**$ (0.05)**	(0.03)	**(0.13)**	$ (0.04)

1. Administrative expense excludes share-based compensation.
2. Other includes gain on write-off of accounts payable and accrued liabilities of $132,196 for three and nine months ended September 30, 2021 and foreign exchange and interest income for the other periods in the table.
3. Diluted loss per share is the same as basic loss per share.

The loss of $2,172,569 (2020 - $372,011) for the current quarter was comprised of $1,391,228 (2020 - $nil) in exploration and evaluation expenditures, $850,368 (2020 - $372,067) in administrative expenses, including share-based compensation of $116,681 (2020 - $8,645), equity loss of $97,327 (2020 - $nil) from our investment in CobalTech and $166,354 gain from foreign exchange, interest income and other (2020 - $56).

The loss for the nine months ended September 30, 2021 of $5,335,926 (2020 - $462,495) was comprised of $3,044,012 (2020 – $3,561) in exploration and evaluation expenditures, $2,351,232 (2020 - $459,353) in administrative expenses, including share-based compensation of $456,588 (2020 - $25,934), Equity loss of $208,172 (2020 - $nil) from our significant investment in CobalTech and $267,490 gain from foreign exchange, interest income and other (2020 - $419).

In 2020, Kuya Silver was a private company (Kuya) prior to October 1, 2020 (the time of the RTO) and as such, had minimal expenditures until then. Administrative expenses such as management compensation, and some preliminary costs related to the RTO, and costs associated with the acquisition of S&L Andes were primarily the only costs recorded in the third quarter and in the 9 months ending September 30, 2020.

Details of the significant expenditures for the three months and nine months ended September 30, 2021, are described below:

Exploration and Evaluation Expenditures

During the nine months ended September 30, 2021, the Company completed Phase I exploration activities on Bethania and advanced detailed engineering and design work on the 350 tpd processing plant. The exploration and evaluation expenditures incurred during the three and nine months ended September 30, 2021, were as follows:

(Expressed in US Dollars)

Exploration and evaluation expenditures	Three months ended Sept 30		Nine months ended Sept 30	
	2021	2020	2021	2020
Bethania				
Civil works and engineering	$ 254,041	$ -	$ 672,602	$ -
Geology and drilling	121,766	-	596,933	-
Operations and supplies	260,984	-	440,423	-
Property maintenance, licences and rights	152,944	-	254,447	-
Safety and environment	58,236	-	88,968	-
VAT	469,404	-	735,462	-
Wages and benefits	73,853	-	221,823	-
	1,391,228	-	3,010,658	-
Tres Banderas				
Property maintenance, licenses and rights	-	-	33,354	3,561
	-	-	33,354	3,561
Silve Kings JV				
Geology and drilling	21,887	-	21,887	-
Wages and benefits	97,288	-	97,288	-
Expense recovery from Electra	(119,175)	-	(119,175)	-
	-	-	-	-
Total	$ 1,391,228	$ -	$ 3,044,012	$ 3,561

Exploration activities at the Bethania Project started in the first quarter, ramping up over the second quarter with the execution of Phase 1 of the drill program, engineering design work for the Bethania expansion and other costs related to advancing the studies for the development of the mine. In the quarter ended September 30, 2021, the focus was on advancing the design and engineering of the processing plant, tailings storage facility and other engineering tasks as well as the costs for drilling and resource modelling work for the forthcoming updated mineral resource estimate and PEA.

There were minimal expenses in the prior comparative periods of 2020 as the acquisition of S&L Andes had not yet been completed.

<u>Equity Loss in CobalTech</u>

An equity loss of $97,327 was recorded in the three months ended September 30, 2021 ($208,172 for the 9-month period) from our significant interest in CobalTech, representing the Company's 100% share of the exploration and evaluation expenditures incurred in CobalTech less the CAD $500,000 of flow-through eligible expenditures on the mineral properties comprising the Kerr Assets that the Company renounced to Electra effective September 30, 2021. As the Class A shares held by Electra were redeemed effective September 30, 2021, CobalTech was consolidated into the Company as at September 30, 2021 and the net loss for the periods recorded as an equity loss. Going forward, equity income or losses will not be recorded on CobalTech as the subsidiary will be fully consolidated.

(Expressed in US Dollars)

Foreign exchange (gain) and other

During the quarter ended September 30, 2021, we had a foreign exchange gain of $34,158 (2020-nil) and $128,851 for the 9-month period (2020-nil). The foreign exchange gain is primarily due to the depreciating Peruvian Sol.

In the third quarter, we recorded a gain of $132,196 for accounts payables and accrued liabilities that were written off in Peru for accrued liabilities from prior to 2016 that are no longer considered payable.

Administrative Expenses

Administrative Expenses	**Three months ended Sept 30**		**Nine months ended Sept 30**	
	2021	2020	**2021**	2020
Administrative costs	$ 10,714	$ -	$ 32,366	$ -
Consulting fees	-	5,150	90,400	5,150
Directors' fees	21,812	-	71,590	-
Filing fees	6,113	8,852	25,275	8,852
Management fees	16,078	212,552	221,255	212,552
Marketing and investor relations	97,986	8,360	232,911	8,360
Office and miscellaneous	64,154	11,681	220,487	81,678
Professional fees	129,458	116,341	291,378	116,341
Share-based compensation	116,681	8,645	456,588	25,934
Shareholder communication	1,832	486	11,870	486
Transfer agent	1,531	-	8,085	-
Travel	79,378	-	161,703	-
Wages and benefits	304,631	-	527,324	-
	$ 850,368	$ 372,067	$ 2,351,232	$ 459,353

Administrative expenses of $850,368 were incurred in the three months ended September 30, 2021 as compared to $372,067 in the same period in 2020. For the nine-month period, the costs were $2,351,232 in 2021 (2020 -$459,353). Kuya Silver became a publicly traded company in October of 2020 and as such, had costs in 2021 that were not previously incurred or were minimal.

- Costs associated with being a public company that were non-existent or minimal in the prior periods include share-based compensation expense, directors' fees, transfer agent and shareholder communications.
- Marketing and investor relations fees and associated travel to promote the Company
- Office and miscellaneous expenditures primarily in Peru for running operations and for the Toronto Head Office.
- Wages and benefits to account for employees at corporate office as well as in Peru.

(Expressed in US Dollars)

LIQUIDITY AND CAPITAL RESOURCES

		Nine months ended 30-Sep-21		Nine months ended 30-Sep-20
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Loss for the period	$	(5,335,926)	$	(462,495)
Items not involving cash		723,772		25,934
Change in non-cash working capital		(659,296)		244,009
Net cash used in operating activities		(5,271,450)		(192,552)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Investment in and advances to CobalTech		(1,213,072)		-
Advances to suppliers		(263,512)		-
Acquisition of buildings and equipment		(281,985)		-
Acquisition of exploration & evaluation assets		(293,500)		-
Cash acquired through acquisition of CobalTech		7,555		-
Deferred acquisition costs		-		(916,876)
Net cash used in investing activities		(2,044,514)		(916,876)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Proceeds from issuance of share capital		7,577,450		9,807,353
Share issue costs		(567,961)		(679,461)
Proceeds from short term credit facility		-		378,644
Proceeds from related party loans		-		222,768
Repayment of related party loans		(158,012)		(75,792)
Net cash provided by financing activities		6,851,477		9,653,512
Change in cash, net of the effect of foreign exchange on cash		(757,967)		8,544,084
Cash, beginning of period		4,904,562		80,078
Cash, end of period	$	4,146,595	$	8,624,162

The Company's cash position was $4,146,595 as at September 30, 2021 compared to $4,904,562 as at December 31, 2020, a decrease of $757,967. The Company's current cash position consists of funds raised in June of $7,577,450 (CAD $9.2 million) from the bought deal private placement of units, and option and performance warrants exercises, less share issuance costs and the various cash outflows to September 30, 2021.

The net decrease in cash for the nine months ended September 30, 2021 was comprised of net cash from financing activities (2021 - $6,851,477; 2020 - $9,653,512), offset by expenditures on operating activities (2021 - $5,271,450; 2020 - $192,552) and investing activities ($2,044,514; 2020 - $916,876).

Working capital was $2,974,036 as at September 30, 2021, compared to working capital of $2,801,457 as at December 31, 2020.

(Expressed in US Dollars)

Working Capital		As at Sept 30, 2021		As at Dec 31, 2020
Current assets	$	4,522,742 $	$	5,013,737
Current liabilities	$	1,548,706 $	$	2,212,280
Net working capital	$	2,974,036 $	$	2,801,457

The Company's continuation as a going concern is dependent upon the successful results from its business activities, its ability to obtain profitable operations and generate funds, and/or complete financings sufficient to meet current and future obligations. Existing cash at September 30, 2021 of $4,146,595 less $565,000 paid for the mining claims in Peru subsequent to quarter-end, is sufficient to meet most of the Company's short-term administrative costs, however additional funding will be needed to continue to fund ongoing exploration and evaluation expenditures. The Company is continuing to explore 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 bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

TRANSACTIONS WITH RELATED PARTIES

We have identified the members of our Board of Directors and certain senior officers as our key management personnel. The following summarizes the Company's related party transactions with those parties during the three and nine months ended September 30, 2021 and 2020:

Related Party Transactions		Three months ended Sept 30			Nine months ended Sept 30	
		2021		2020	2021	2020
Compensation, Management	$	131,862	$	45,000	254,856	127,500
Compensation, Directors		20,846		-	68,961	-
Share-based compensation, Management[1]		35,786		-	107,282	-
Share-based compensation, Directors[1]		53,977		-	181,285	-
	$	**242,471**	**$**	**45,000**	**612,384**	**127,500**

1) Share-based compensation for management and directors represent the fair value using the Black-Scholes option pricing model of vested options

As at September 30, 2021, included in accounts payable and accrued liabilities was $17,429 (December 31, 2020 - $170,878) owing to officers and directors.

The balance for shareholder loans representing advances made by David Stein, President and CEO, as at September 30, 2021, were $nil as advances were repaid in full ($158,012) in the first half of 2021. These unsecured shareholder loans were due on demand and bore no interest.

(Expressed in US Dollars)

In addition to management personnel, we have also identified a company which provides engineering and subcontractor services to our operations in Peru as a related party due to having a common officer. As at September 30, 2021, included in advances to suppliers was $259,437 (December 31, 2020 - $nil) deposited with this related party. During the nine months ended September 30, 2021, administrative and exploration and evaluation expenditures of $104,917 was paid or accrued to this company.

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 November 26, 2021, there were no preferred shares issued and outstanding. Changes in common shares, options and warrants outstanding from September 30, 2021 to the Report Date are summarized below.

Common Shares	**Number of common shares**
Balance as at September 30, 2021	45,179,981
Issued pursuant to option exercise	100,000
Balance as at Report Date	**45,279,981**

Stock options	**Number of options**
Balance as at September 30, 2021	1,797,500
Exercised	(100,000)
Expired	(155,000)
Balance as at Report Date	**1,542,500**

Share Purchase Warrants	**Number of warrants**
Balance as at September 30, 2021 and Report Date	**2,421,325**

(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.

		2021			2020				2019
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Selected Financial Information									
Revenue	$	-	-	-	-	-	-	-	-
Exporation & evaluation expenditures	$	1,391,228	1,440,156	212,628	5,447	-	-	3,561	-
Administrative expenses[1]	$	733,687	649,662	511,295	293,056	363,422	43,441	26,556	16,428
Share-based compensation	$	116,681	281,422	58,485	300,858	8,645	8,644	8,645	79,961
Equity loss in CobalTech	$	97,327	110,845	-	-	-	-	-	-
Foreign exchange (gain) loss & other[2,3]	$	(166,354)	(221,635)	120,499	2,615,471	(56)	(53)	(310)	(13,097)
Loss for the period	$	2,172,569	2,260,450	902,907	3,214,832	372,011	52,032	38,452	83,292
(Loss) per share - Basic and diluted [4]:	$/share	(0.05)	(0.06)	(0.02)	(0.11)	(0.02)	(0.00)	(0.00)	(0.01)

1. Administrative expense excludes share-based compensation
2. Other includes items such as interest income, listing fees (Q4 2020) and other expenses
3. Listing fees in the fourth quarter of 2020 were $2,455,077
4. Diluted loss per share is the same as basic loss per share.

As Kuya Silver was a private company (Kuya) prior to October 1, 2020 (the time of the RTO), the Company had minimal administrative costs and share-based compensation expense. In 2020, expenses and fees related to the RTO were recorded in the third and fourth quarters as well as some costs associated with the acquisition of S&L Andes.

The first quarter of 2021 was when the Company started incurring exploration and evaluation expenditures at Bethania, hiring personnel and incurring additional administrative costs associated with being a publicly traded company and as such, had higher expenditures and losses in these quarters.

(Expressed in US Dollars)

CUMULATIVE EXPLORATION AND EVALUATION COSTS

Project	Bethania	Tres Banderas	Silver Kings JV	Total
Civil works and engineering	$ 672,602	$ -	$ -	$ 672,602
Geology & drilling	596,933	-	21,887	618,820
Operations and supplies	440,423	-	-	440,423
Property maintenance, licences and rights	254,447	33,354	-	287,801
Safety and environment	88,968	-	-	88,968
VAT	735,462	-	-	735,462
Wages and benefits	221,823	-	97,288	319,111
Expense recovery from Electra	-	-	(119,175)	(119,175)
Total	$ 3,010,658	$ 33,354	$ -	$ 3,044,012

1) Cumulative costs are as follows: Bethania, since acquisition of 100% on December 15, 2020; Tres Banderas, since incorporation of Kuya on August 9, 2017, Silver Kings JV since March 1, 2021

CAPITAL & 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.

Kuya Silver 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 nine months ended September 30, 2021.

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 September 30, 2021, 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; this minimizes the risk to the Company. Receivables are primarily due from a government agency and amounts owing from Electra for expense recovery.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company has sufficient cash as at September 30, 2021 to settle its current liabilities as they come due, however, management estimates additional funds are required to continue current operations for the upcoming twelve months.

Market risk

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

Foreign currency exchange risk – This risk relates to any changes in foreign currencies in which the Company transacts. The Company incurs costs for goods and services denominated in currencies other than the presentation currency and is subject to foreign currency risk on assets and liabilities denominated in currencies other than the United States dollar. The effect of a 10% change in the foreign exchange rate on monetary balances held in USD dollar and soles accounts would be approximately $133,000 recorded in profit or loss for the three months ended September 30, 2021. The effect of a 10% change in the foreign exchange rate on monetary balances held in CAD dollar and soles accounts would be approximately $291,000 recorded in other comprehensive income or loss for the nine months ended September 30, 2021.

Interest rate risk – This risk relates to the change in the borrowing rates of the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% increase or decrease in the interest rates would have a nominal impact for the nine months ended September 30, 2021.

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

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

Fair value hierarchy

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

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

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 has classified its cash, receivables, accounts payable and accrued liabilities and related party loans as amortized cost. The fair value of cash, receivables, and accounts payable and accrued liabilities approximates their carrying values because of the short-term nature of these instruments.

RISK FACTORS

We have identified material risks to the business of the Company, for which full details are referred to in the Company's audited annual consolidated financial statements and related notes thereto and the annual MD&A for the year ended December 31, 2020 and to the Company's AIF for the year ended December 31, 2020 (amended and restated at October 15, 2021). These documents are available for viewing at the Company's website at www.kuyasilver.com or on the Company's profile at www.sedar.com.

The risks identified in the AIF are listed below. These risks are not listed in any particular order and the list is not exhaustive. Additional risks and uncertainties not currently known to the Company, or those that it currently deems to be immaterial, may become material and adversely affect the Company's business. The realization of any of these risks may materially and adversely affect the Company's business, financial condition, results of operations and/or the market price of the Company's securities.

- Limited Operating History
- Exploration, Development & Operating Risks
- Substantial Capital Requirements & liquidity
- Political & Social Risk in Peru
- Competition
- Reliance on Management and Dependence on Key Personnel
- Fluctuating Mineral Prices & Marketability of Minerals
- Environmental Risks
- Governmental Regulations and Processing Licenses and Permits
- Markets for Securities
- Uninsurable Risks
- Foreign Exchange
- Internal Controls
- Stage of Development
- Legal Risks
- Conflicts of Interest
- Absence of Cash Dividends
- Unfavourable global economic conditions
- Pandemic Disease Outbreak
- Cybersecurity Risks

- Changes in Climate Condition
- Foreign Corrupt Practices and Anti-Bribery Legislation
- Titles to Company's Mining Claims & Leases
- Uncertainty relating to Mineral Resources
- Health & Safety Regulations
- Emerging Market Issuer Risks
- Shareholders may have difficulty in enforcing their legal rights as against the Company, the subsidiaries of the Company and some directors and officers, as they are located outside of Canada
- Mine Closure Risks
- Significant Shareholder Risk
- Joint Venture Risk

To elaborate on the list item "Political & Social Risk in Peru", Peru has recently been undergoing a period of heightened political and social instability. In a close and contested election, Pedro Castillo was declared the president-elect in July 2021, which resulted in a period of protests and unrest. Although the prior Central Government of Peru supported responsible mining as a vehicle for growth and development, the approach that the new Central Government will take to the mining industry is unclear. As the new Central Government's legislative priorities and agenda remain to be established, the risk exists that the new Central Government could make changes to existing laws, regulations, or policies, or initiate a process to change the constitution that alter laws regulating the mining industry. Any such changes could have a material adverse impact on the Bethania Project.

ACCOUNTING DISCLOSURES

New Accounting Policies Adopted

<u>Construction in progress</u>

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

<u>Buildings and Equipment</u>

Buildings and equipment are stated at cost less accumulated depreciation. Depreciation is provided for using the straight-line method as follows:

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

There were no other changes in accounting policies, including initial adoption, during the year.

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

A number of new standards and amendments to standards and interpretations have been issued by the IASB and are effective for annual periods beginning on or after January 1, 2022. These have not been applied in preparing these consolidated financial statements.

There are no IFRS standards nor amendments to standards and interpretations that are not yet effective that would be expected to have a material impact on the consolidated financial statements of the Company, except for the following:

<u>IAS 16, Property, Plant and Equipment - Proceeds before Intended Use</u>

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

While management does not currently anticipate this amendment having a material effect on the Company's consolidated financial statements for 2021, it may have an effect in periods beyond 2021.

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

On May 7, 2021, the IASB issued amendments to IAS 12, Income Taxes that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

The main change is such that the initial recognition exemption provided in IAS 12 would no longer apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

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 "Overview," "Corporate Update & Outlook" and "Liquidity and Capital Resources," and include, without limitation, statements with respect to: capital requirements and capital expenditures; the schedules and budgets for the Company's development projects; success of exploration and development activities; project studies; and permitting matters. The words "may," "could," "expect," "believe," "plan," "intend," "explore," "estimate," "future," "target," "anticipate," "potential," 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; (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.