KUYA SILVER CORPORATION
(formerly Miramont Resources Corp.)

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED JULY 31, 2020

FEBRUARY 9, 2021

TABLE OF CONTENTS

Introduction

This Annual Information Form (the "**AIF**") is furnished in connection with the fiscal year ended July 31, 2020 by and on behalf of the management of Kuya Silver Corporation (the "**Company**" or "**Kuya**").

Forward-Looking Statements

Certain statements in this AIF may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this AIF, such statements use such words as "will", "may", "could", "intends", "potential", "plans", "believes", "expects", "projects", "estimates", "anticipates", "continue", "potential", "predicts" or "should" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this AIF. Forward-looking statements include, among others, statements with respect to:

- the Company's expected future losses and accumulated deficit levels;
- the requirement for, and the Company's ability to obtain future funding on favourable terms or at all;
- the Company's dependence on management;
- the Company's plans in respect of development and operations;
- the Company's risks associated with economic conditions; and
- the Company's conflicts of interest.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended including, but not limited to, the factors discussed under the heading "*Risk Factors"*. Although the forward-looking statements contained in this AIF are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives and may not be appropriate for other purposes. These forward-looking statements are made as of the date of this AIF. A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the extent of future losses;
- the ability to obtain the capital required to fund development and operations;
- the ability to capitalize on changes to the marketplace;

- the ability to comply with applicable governmental regulations and standards;
- the ability to attract and retain skilled and experienced personnel;
- the impact of changes in the business strategies and development priorities of strategic partners;
- stock market volatility; and
- other risks detailed from time-to-time in the Company's ongoing quarterly and annual filings with applicable securities regulators, under the Company's SEDAR profile at www.sedar.com, and those which are discussed under the heading "*Risks Factors*".

Readers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. Each of the forward-looking statements contained in this AIF are expressly qualified by this cautionary statement. The Company expressly disclaims any obligation or responsibility to update the forward-looking statements in this AIF except as otherwise required by applicable law.

In this AIF, the terms "Mineral Resource", "Inferred Mineral Resource", "Indicated Mineral Resource" and "Measured Mineral Resource" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") in the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council, as those definitions may be amended. The definitions of Proven and Probable Mineral Reserves, and Measured, Indicated and Inferred Mineral Resources are set forth in NI 43-101 of the Canadian securities administrators which contains the parameters of disclosure for issuers engaged in significant mining operation. A reader in the United States should be aware that the definition standards enunciated in NI 43-101 differ in certain respects from those set forth in SEC Industry Guide 7 and new Regulation S-K subpart 1300.

Market and Industry Data

This AIF includes market and industry data that has been obtained from third party sources. The Company believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data are believed to be reliable, the Company has not independently verified any of the data from third party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources.

Currency Information

In this AIF, unless otherwise indicated, all references to "$", "C$" or "CDN$" are to Canadian dollars and all references to "US$**"** in this AIF are to U.S. dollars.

The following table reflects the low and high rates of exchange for one US$, expressed in Canadian dollars, during the periods noted, the rates of exchange at the end of such periods and the average rates of exchange during such periods, based on the Bank of Canada daily rate of exchange.

	Years Ended July 31		
	2020	2019	2018
Low for the period	$ 1.2970	$ 1.2803	$ 1.2128
High for the period	$ 1.4496	$ 1.3642	$ 1.3310
Rate at the end of the period	$ 1.3404	$ 1.3148	$ 1.3017
Average rate for the period	$ 1.3462	$ 1.3234	$ 1.2738

Documents Incorporated by Reference

Documents incorporated by reference in this AIF include all those proxy circulars, news releases and other continuous disclosure documents filed by the Company, copies of which are available on request from the offices of the Company or on the SEDAR website at www.sedar.com.

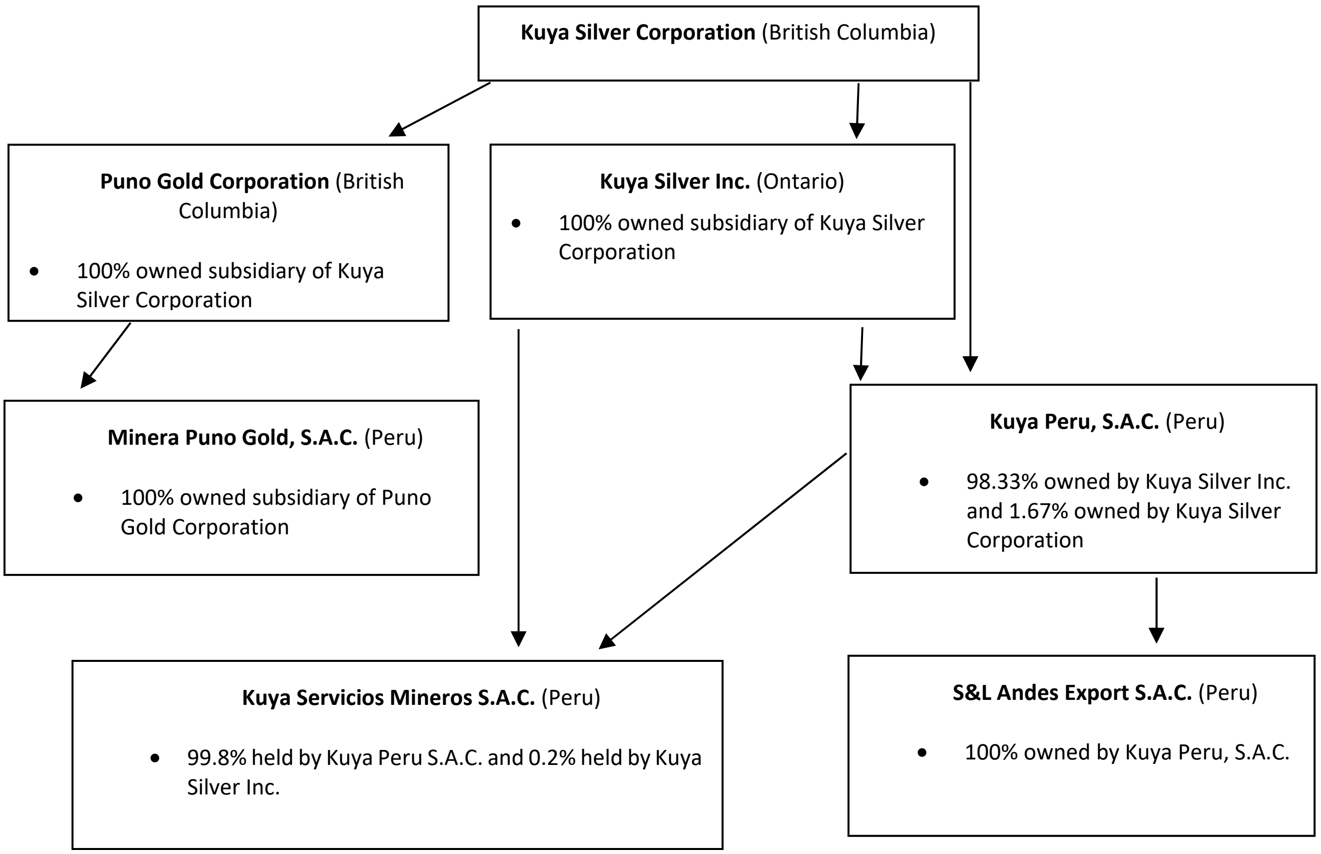
CORPORATE STRUCTURE

Name, Address and Incorporation

Kuya was incorporated under the name "Miramont Capital Corp." on July 15, 2015 under the laws of the *Business Corporations Act* (British Columbia) ("**BCBCA**"). The name of the Company was changed to "Miramont Resources Corp." on November 18, 2016. On September 30, 2020, the Company changed its name to "Kuya Silver Corporation". The Company has a head office located at 23rd Floor, 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3, an executive office located at Suite 401 – 217 Queen Street West, Toronto, Ontario, M5V 0R2 and a registered and records office located at 40440 Thunderbird Ridge B1831, Garibaldi Highlands, British Columbia, V0N 1T0.

Intercorporate Relationships

The diagram below describes the inter-corporate relationship between the Company and its subsidiaries:



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History of Miramont Resources Corp. Prior to Completion of the Amalgamation Transaction with Kuya Silver Corp.

Founded on July 15, 2015, the Company was privately held and headquartered in Vancouver, British Columbia looking to identify and potentially acquire mineral property interests. On March 27, 2017, the Company became listed on the Canadian Securities Exchange ("**CSE**").

On June 2, 2017, the Company entered into a share exchange agreement (the "**Share Exchange Agreement**") among Puno Gold Corporation ("**Puno Gold**") and the Puno Gold shareholders and trading in the Company's common shares on the CSE was halted pending completion of the terms contemplated by the Share Exchange Agreement.

On November 14, 2017, pursuant to the Share Exchange Agreement, the Company issued 15,048,000 common shares, in exchange for an aggregate of 17,100,000 Puno Gold common shares (the "**Puno Gold Shares**"), being all of the issued and outstanding share capital of Puno Gold (the "**Share Exchange**"). Accordingly, Puno Gold shareholders received 0.88 of a common share of the Company for each Puno Gold common share held.

Concurrently with the closing of the Share Exchange, the Company completed a private placement of 20,000,033 units consisting of both a brokered portion and a non-brokered portion. The units were sold at a price of CDN$0.30 per unit, for aggregate gross proceeds of CDN$6,000,010. Each unit consisted of one common share and one common share purchase warrant, each warrant exercisable into one common share at a price of CDN$0.45 until November 14, 2019. The Company paid a total of CDN$207,038 in agents' commissions and finder's fees and issued 673,827 agents' and finder's warrants. Each of the agents' and finder's warrants entitled the holder to purchase one common share at a price of CDN$0.30 until November 14, 2019.

Upon completion of the terms contemplated by the Share Exchange Agreement, Puno Gold became a wholly-owned subsidiary of the Company. Puno Gold's wholly owned subsidiary, Minera Puno Gold, S.A.C. ("**Minera Puno**"), held an option to acquire a 100% interest in the Lukkacha project (the "**Lukkacha Property**") and the Lucia Josefina concession and the Haariana II concession (the "**Haariana and Josefina Concessions**"), the first concessions to be included in the project area known as Cerro Hermoso (the "**Cerro Hermoso Property**"). Puno Gold was incorporated on July 12, 2016 under the laws of the *Business Corporations Act* (Ontario) ("**OBCA**") and was continued into British Columbia under the laws of the BCBCA on December 10, 2018. A copy of the Share Exchange Agreement is available on SEDAR under the Company's profile at www.sedar.com.

On April 9, 2018, the Company became listed on the Over-the-Counter Market Place QB Exchange (the "**OTCQB**").

On July 12, 2018, through Minera Puno, the Company entered into an option agreement pursuant to which the Company, through Minera Puno, was granted an option to acquire a 100% interest in the Milenios 32 concession, located in southern Peru and adjacent to the Company's Haariana and Josefina Concessions (the "**Milenios Property**"), adding to the collective Cerro Hermoso Property.

On January 31, 2019, the Company completed a non-brokered private placement of 4,176,498 units. The units were sold at a price of $0.35 per unit, for aggregate gross proceeds of $1,650,774. Each unit consisted of one common share and one common share purchase warrant, each warrant exercisable into one common share at a price of $0.50 until January 31, 2021. The Company paid a total of $28,054 in cash commissions and issued 80,156 finder's warrants. Each of the finder's warrants entitle the holder to purchase one common share at a price of $0.50 until January 31, 2021.

On February 26, 2019, through Minera Puno, the Company entered into an option agreement pursuant to which the Company, through Minera Puno, was granted an option to acquire a 100% interest in the An An concession, located adjacent to the Company's Cerro Hermoso Property (the "**An An Property**"), adding to the collective Cerro Hermoso Property.

On November 15, 2019, through Minera Puno, the Company announced that it had terminated its option on the An An Property and its option on the Haariana and Josefina Concessions, reducing the collective Cerro Hermoso Property.

In May 2020, the Company provided notice of its intention to allow the option agreement for the Milenios Property to lapse.

On June 11, 2020, the Company announced an amalgamation transaction to be completed pursuant to the OBCA the "**Amalgamation Transaction**") with Kuya Silver Corp. ("**KSC**"), a privately held company incorporated under the laws of the OBCA on August 9, 2017 and 2757974 Ontario Inc. ("**Amalco**"), a wholly owned subsidiary of the Company incorporated under the laws of the OBCA on May 29, 2020, pursuant to an amalgamation agreement dated June 10, 2020 among the Company, KSC and Amalco (the "**Amalgamation Agreement**"). A copy of the Amalgamation Agreement is available on SEDAR under the Company's profile at www.sedar.com.

Further, on June 11, 2020 the Company announced the entering into of an engagement letter (the "**Engagement Letter**") with KSC and Cormark Securities Inc. ("**Cormark**") with respect to the engagement of Cormark, on behalf of itself and a syndicate of agents, to assist with a best efforts financing of up to $10,000,000 in subscription receipts. On July 23, 2020 KSC, the Company and Cormark (on behalf of itself and on behalf of the syndicate of Agents) entered into an agency agreement (the "**Agency Agreement**") which superseded the engagement letter and increased the offering to up to $13,000,000.

In late June 2020, the Company allowed the option agreement for the Lukkacha Property to lapse.

On July 23, 2020, in connection with the Amalgamation Transaction and the Agency Agreement, the Company announced KSC had completed the brokered private placement of 7,174,590 subscription receipts (the "**Subscription Receipts**") at a price of $1.65 per Subscription Receipt (the "**Issue Price**") for aggregate gross proceeds of $11,838,074 (the "**Brokered Financing**") as well as a concurrent non-brokered private placement of 303,030 Subscription Receipts on the same terms as the Brokered Financing for additional gross proceeds of $500,000 (the "**Non Brokered Financing**", and together with the Brokered Financing, the "**Offerings**"). In connection with the Brokered Financing, the agents received a cash commission of C$559,709. No fees were paid in connection with the Non-Brokered Financing. Each Subscription Receipt was automatically exchanged, without payment of any additional consideration, into one common share of KSC upon the satisfaction of certain conditions, including the CSE approval of the Amalgamation Transaction, and subsequently were exchanged for Company common shares in accordance with the terms of the Amalgamation Transaction. The net proceeds from the Offerings were to be used to complete the S&L Acquisition (as defined and detailed below) and to fund exploration and engineering costs for the development of the Bethania Property (as defined below).

On September 30, 2020, prior to completion of the Amalgamation Transaction, the Company changed its name to "Kuya Silver Corporation" and on October 1, 2020, the Company completed a consolidation of its issued and outstanding share capital on the basis of one (1) post-consolidated common share for every ten (10) pre-consolidated common shares (the "**Consolidation**"). A total of 55,773,234 common shares of the Company were issued and outstanding prior to the Consolidation, and after the Consolidation, the Company had 5,577,322 common shares issued and outstanding.

Three Year History of Kuya Silver Corp. Prior to Completion of the Amalgamation Transaction with Miramont Resources Corp.

On October 9, 2017, KSC entered into a share purchase agreement with S&L Andes Export S.A.C. ("**S&L**"), as amended on February 23, 2018, July 10, 2018, February 2, 2019, June 4, 2020, October 16, 2020 (collectively with the amendments, the "**Bethania SPA**"), whereby KSC had the option to acquire up to an 80% interest in S&L, a private Peruvian company based in Lima, Peru, that owned 100% of the Bethania silver property (Santa Elena concession) and Chinita I concession (together the "**Bethania Property**" or "**Bethania Silver Property**" or "**Bethania Project**").

KSC agreed to acquire an 80% controlling interest in the Bethania Property from the owners of the property (the "**Vendors**"), by investing a total of USD$10,000,000; a combination of work and capital/debt commitments to S&L for the Bethania Property, cash payments, and the issuance of KSC common shares as noted below. The Bethania SPA, outlined the following payments to acquire the Bethania Property:

- USD$4,500,000 investment in the Bethania Silver Property:

    - USD$2,500,000 toward repayment of debt and liabilities.

    - USD$2,000,000 for a work program (drilling, PEA, mine expansion), mine care and maintenance, G&A, and deal costs.

- USD$3,500,000 acquisition payment (cash).

- USD$2,000,000 in KSC common shares at a deemed price of USD$1.00 on closing of acquisition of S&L.

During 2018, KSC raised USD$1,494,000 through the issuance of units priced at USD$1.00 per unit. Each unit included one KSC common share and a one quarter of a common share performance warrant, which are exercisable at a nominal cost on completion of the acquisition of 80% of S&L by KSC.

In September 2018, KSC raised an additional USD$238,200 through the issuance of KSC common shares priced at USD$1.00 per share. Over the course of the year KSC's investments pursuant to the Bethania SPA included financial restructuring of S&L, permitting the concentrate plant and tailings storage, and care and maintenance of the mine.

On August 29, 2019, KSC received a technical report prepared in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") for the Bethania Silver Property, titled "*Independent Technical Report on the Bethania Silver Project, Department of Huancavelica, Province of Huancavelica, District of Acobambilla, Peru*" with an effective date of July 31, 2019.

During 2019, KSC raised USD$1,381,500 at USD$1.00 per share and raised USD$234,880 at USD$1.20 per share. Over the course of 2019, KSC's investments pursuant to the Bethania SPA included continued financial restructuring of S&L, permitting the concentrate plant and tailings storage, basic engineering design, and care and maintenance of the mine.

In February 2020, KSC raised USD$557,500 through the issuance of 464,583 KSC common shares at USD$1.20 per share.

In June 2020, KSC entered into an amending agreement with S&L, the owner of the Bethania Silver Property, whereby the following material changes were made to the Bethania SPA:

- the deadline date to fulfill terms of the Bethania SPA was extended to April 30, 2021;
- confirmation of USD$3,660,000 invested by KSC as of April 30, 2020 and agreement to convert USD$3,110,000 of KSC's investment into a 27% interest in S&L and retain a loan to S&L for USD$550,000 plus amount invested in the future under the terms of the Bethania SPA; and
- KSC common shares issued to the shareholders of S&L as payment cannot be sold for one year after the date of issuance.

On June 10, 2020 KSC entered into the Amalgamation Agreement in connection with the Amalgamation Transaction as noted above under "*General Development of the Business – Three Year History of Miramont Resources Corp. Prior to Completion of the Amalgamation Transaction with Kuya Silver Corp.".* Under the terms of the Amalgamation Transaction, all of the issued and outstanding shares of KSC will be exchanged at a ratio of 1.835 of a Company common share for each KSC common share.

On June 10, 2020 KSC entered into the Engagement Letter. On July 23, 2020 the Company, KSC and Cormark entered into the Agency Agreement which superseded the Engagement Letter and increased the offering to up to $13,000,000.

On July 23, 2020, KSC completed the Offerings whereby KSC issued 7,477,620 Subscription Receipts for aggregate gross proceeds of $12,338,074 as detailed and noted above. The gross proceeds of the Brokered Financing, less 25% of the agent's fees and less certain eligible expenses of the Offerings, were held in escrow pending completion of the Amalgamation Transaction. Pursuant to the terms of a subscription receipt agreement with Computershare Trust Company of Canada ("**Computershare**") dated July 23, 2020, the gross proceeds from the Offerings were held in escrow by Computershare pending satisfaction of certain escrow release conditions, the satisfaction of such conditions occurring on September 30, 2020, and accordingly KSC was deemed to have issued 13,721,432 common shares in the capital of KSC on September 30, 2020.

History of the Company Following Completion of the Amalgamation Transaction to Date of this AIF

On October 1, 2020, the Company completed the Amalgamation Transaction with KSC and Amalco, with KSC merging with and into Amalco, leaving a resulting new private entity under the OBCA known as Kuya Silver Inc. ("**Kuya Ontario**"), a wholly owned subsidiary of the Company.

Kuya Ontario has a Peruvian subsidiary with the name Kuya Peru S.A.C., formerly known as Aerecura Materiales S.A.C. ("**Kuya Peru**"), with 98.33% ownership held by Kuya Ontario and the remaining 1.67% held by the Company.

Following the Consolidation and in connection with the Amalgamation Transaction, the Company issued 26,763,410 post-Consolidation common shares to the shareholders of KSC, in exchange for an aggregate of 14,584,969 common shares held by the KSC shareholders, being all of the issued and outstanding share capital of KSC which included the common shares issued to the KSC shareholders in connection with the Offerings. Accordingly, the KSC shareholders received 1.835 of a common share of the Company for each KSC common share held, resulting in the Company having 32,340,740 post-Consolidation common shares issued and outstanding when it resumed trading on the CSE on October 7, 2020.

The Company changed its year-end from July 31 to December 31 in connection with the Amalgamation Transaction, with its first financial year-end after the Amalgamation Transaction being December 31, 2020.

On October 26, 2020, the Company announced that it entered into a letter agreement (the "**Letter Agreement**") with the owners of S&L to acquire an additional 20% interest in S&L, such that it would then be able to acquire a 100% interest in the issued and outstanding securities of S&L. Accordingly, the Company would acquire full ownership of the flagship Bethania Property. In accordance with the terms of the Letter Agreement, the Company agreed to acquire the remaining 20% interest in S&L (the "**20% Purchase**") by making a cash payment of US$1,325,000 and issuing US$425,000 worth of common shares, subject to the approval of the CSE, using an issuance price equal to the average closing price of the common shares during the five trading days prior to the closing of the 20% Purchase and using the C$/US$ exchange rate on the day immediately prior to the date of closing.

On October 30, 2020, Kuya Servicios Mineros S.A.C. ("**KSM**"), formerly known as Metals Cloud S.A.C., was acquired for nominal consideration, with 99.8% ownership held by Kuya Peru and the remaining 0.2% held by Kuya Ontario. KSM will provide professional services to Kuya's operating subsidiaries in Peru.

On November 13, 2020, the Company resumed trading on the OTCQB following the requested halt on June 10, 2020 due to the Amalgamation Transaction.

On December 15, 2020, the Company, through Kuya Ontario, acquired all of the issued and outstanding common shares of the privately held Peruvian company S&L, pursuant to the Bethania SPA and Letter Agreement with the Vendors. Pursuant to the terms of the Bethania SPA and Letter Agreement as noted above, Kuya Ontario's Peruvian subsidiary, Kuya Peru, acquired a 100% interest in S&L, the entity that holds title to the Bethania Property, the material property of the Company (the "**S&L Acquisition**"). A copy of the Bethania SPA is available on SEDAR under the Company's profile at www.sedar.com.

On December 20, 2020, the Company entered into a letter of intent ("**LOI**") with First Cobalt Corp. ("**FCC**" or "**First Cobalt**") to purchase a portion of FCC's silver mineral exploration assets (the "**Kerr Assets**") in the Cobalt camp, located in North-eastern Ontario, Canada, and form a joint venture on the balance of FCC's silver mineral assets in the camp. The transaction will allow the Company access to explore the largest package of properties in the Cobalt camp, representing more than 10,000 hectares while focusing in the near-term on the most advanced portion of the property package, where the Company believes there is the best potential to discover and develop a silver mine. The key terms under the LOI are as follows:

1. The Company will pay First Cobalt $4,000,000 on closing for a 100% interest in the Kerr Assets, comprised of $1,000,000 in cash and $3,000,000 in common shares of the Company;

2. Within 6 months of the acquisition of the Kerr Assets, the Company can provide notice of intention to exercise an option to earn up to a 70% interest in First Cobalt's remaining Cobalt camp assets (the "**Remaining Assets**"), upon payment of $1,000,000 in cash or shares;

3. Upon exercise of the option, the Company will be subject to the following earn-in conditions:

    a. 50% interest by incurring $2,000,000 in exploration expenditures and making a payment to First Cobalt of $300,000 in year 1;

    b. 60% interest by incurring $1,000,000 in exploration expenditures and a payment of $350,000 in year 2; and

    c. 70% interest by incurring $1,000,000 in exploration expenditures and a payment of $350,000 in year 3.

4. First Cobalt intends to spend $1,000,000 of the flow through proceeds it raised in August 2020 on eligible expenditures, split equally between the Kerr Assets and the Remaining Assets.

5. Upon completion of a maiden mineral resource estimate of at least 10,000,000 silver equivalent ounces on the Remaining Assets, the Company will make a milestone payment to First Cobalt of $2,500,000 in cash or shares or $5,000,000, should the resource exceed 25,000,000 silver equivalent ounces. With respect to the Remaining Assets, First Cobalt shall have a back-in right for any discovery of a primary cobalt deposit as well as a right of first offer to refine base metal concentrates produced at First Cobalt's refinery.

Closing of the transaction is subject to a number of conditions precedent, including, without limitation, receipt of all required corporate and regulatory approvals and execution of a definitive agreement which will replace the LOI.

Significant Acquisitions

Other than as described in Intercorporate Relationships and General Development of the Business in this AIF, no significant acquisitions or significant dispositions have been completed by the Company during the last three financial years or are contemplated. The Company intends to file a business acquisition report with the applicable regulatory authorities with respect to the S&L Acquisition in accordance with prescribed timelines. When filed, the business acquisition report will be available under the Company's SEDAR profile at www.sedar.com.

DESCRIPTION OF THE BUSINESS

General

Summary

The Company is classified as a metals and minerals mining issuer engaged in the acquisition, exploration and development of mineral properties with a focus on silver deposits containing various amounts of lead, zinc, copper and gold by-products. The Company's common shares are currently listed on the CSE under the symbol of "KUYA" and on the OTCQB in the United States under the symbol "KUYAF".

The Company is currently focused on exploring, developing and implementing an expansion project to better optimize production from the Bethania Project. At the present time, the Company is focused on completing detailed engineering design for the first-ever concentrate plant to be built at site, an expansion of the underground mining throughput and obtaining the remaining permits required to begin construction of the plant and tailings storage facility. In addition, the Company is working on improving its confidence and understanding of the silver mineralization through exploration at site and in the region.

Production and Services

This is not applicable to the Company.

Specialized Skill and Knowledge

The nature of the Company's business requires specialized skills, knowledge and expertise in the areas of geology, engineering, mine planning and environmental compliance. In addition to the specialized skills listed above, the Company also relies on staff members, local contractors and consultants with specialized knowledge of logistics and operations in the regions in which it operates.

In order to attract and retain personnel with the specialized skills and knowledge required for the Company's operations, the Company maintains remuneration and compensation packages it believes to be competitive. As of the date hereof, the Company has been able to adequately meet its staffing requirements.

Competitive Conditions

Competition in the mineral exploration and production industry is intense. The Company competes with a number of large, established mining companies with greater financial resources and technical facilities, for the acquisition and development of mineral concessions, claims, leases and other interests, as well as for the recruitment and retention of qualified employees and consultants and the equipment required to continue the Company's exploration activities and mining and processing activities. The executives of the Company have assembled a management team, supported by local consultants, who have extensive experience in the mining industry.

In the Company's immediate area in central Peru there could be competition for exploration properties that may be strategic to the Bethania Project, local human resources and services. Within a 10 km radius of the Bethania Project, Minera IRL Ltd. (MIRL-CSE) operates the Corihuarmi gold mine and has in the past undertaken regional exploration in the area. Industrias Peñoles S.A.B. de C.V. (IPOAF-US OTC) currently maintains an exploration project to the north of Bethania. Additionally, there are several private Peruvian ventures in the region at varying stages of exploration and development. Based on recent applications for new mining concessions near the Bethania Project, the Company has noted that several large copper, gold and integrated mining companies have shown an interest in the immediate area, including Fresnillo PLC, Anglo American PLC, First Quantum Minerals Ltd., and Newmont Corp. These companies have made applications for new properties close to the Bethania Project, however no new concessions have been granted at this time.

New Products

This is not applicable to the Company.

Components

This is not applicable to the Company.

Intangible Properties

This is not applicable to the Company.

Cycles

The Bethania Project is located in a location where mining activities can be carried out year-round, however during the "wet season", which can be from December to February, certain surface activities, including exploration and construction, may be impeded by either wet or snowy conditions.

Economic Dependence

The Company's business is not substantially dependent on any contract. It is not expected that Kuya's business will be affected in the current financial year by the re-negotiation or termination of any contracts or sub-contracts.

Changes to Contracts

This is not applicable to the Company.

Environmental Protection

Kuya Peru has secured all the necessary operational permits (mine, explosives, water usage), has an approved Declaracion de Impacto Ambiental ("**DIA**") which addresses the environmental and social impact of the mine and allows the Company to carry out mining operations on the Bethania Project. Recently, the law was changed requiring small mines, such as the one on the Bethania Project, to obtain a separate water discharge permit. The Company is currently engaged in designing a water treatment system for the mine in order to obtain the water discharge permit.

Kuya Peru has received an Evaluacion de Impacto Ambiantal ("**EIA**") required to construct a plant at the Bethania Project. As a small mine, the Bethania Project is required to obtain permits from the Direccion Regional de Energia y Minas ("**DREM**") in Huancavelica Department. In Peru, the local community has an important role in the EIA, and in the case of the Bethania Project, the Poroche community was required to approve the EIA through a series of in-person workshops and approve additional surface usage before the EIA could be submitted. The community issued their approval for additional surface usage in August 2019 and approved the EIA at the final community workshop in December 2019, with Kuya Peru receiving EIA approval for the project in August 2020.

Employees

The Company has no direct employees. Kuya Peru, the Company's Peruvian subsidiary, hires individuals in country as necessary for work on the Bethania Project.

Foreign Operations

The Company's Bethania Project, along with certain non-material assets, are located in Peru and, as such, its operations are exposed to various levels of political, economic and other risks and uncertainties which could result in work stoppages of Kuya's exploration activities and related mining and processing activities. There is currently no local opposition to exploration activities, but there can be no assurance that such local opposition will not arise with respect to the Company's Peruvian operations. The Company's exploration and development activities are subject to extensive foreign federal, state and local laws and regulations governing such matters as environmental protection, management and use of toxic substances and explosives, management of natural resources, health, safety and labour, mining law reform, price controls import and export laws, taxation, maintenance of claims, tenure, government royalties and expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's activities.

Lending

This is not applicable to the Company.

Bankruptcy and Similar Procedures

The Company has not been the subject of any bankruptcy or any receivership or similar proceedings against the Company or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Company or its subsidiary, since its incorporation.

Reorganizations

The Company completed a three-cornered amalgamation on October 1, 2020 pursuant to the Amalgamation Agreement.

Social and Environmental Policies

The Company has a code of business conduct and ethics policy that covers a range of business practices and procedures which sets out key guiding principles of conduct and ethics that the Company and its subsidiaries, expects of its employees, directors and officers.

The Company is committed to carrying out all of its activities in an ethical manner that prioritizes health and safety, recognizes the concerns of indigenous peoples, communities, local stakeholders and preserves the natural environment. The Company ensures that those it engages to provide services on its behalf, are trained and instructed in their assigned tasks and that safety procedures are always followed. The importance of ethical behavior and preservation of the natural environment is stressed to all employees and contractors, and all are charged with monitoring operations to ensure they are being carried out in an environmentally friendly manner.

The Company works with and consults local communities, indigenous peoples and stakeholders, recognizing such practice as a benefit to all. The Company regularly engages with stakeholders and in the case of indigenous communities, provides frequent updates before and during program activity.

RISK FACTORS

An investor should carefully consider the following risk factors in addition to the other information contained in this AIF. The risks and uncertainties below are not the only ones related to the Company. There are additional risks and uncertainties that the Company does not presently know of or that the Company currently considers immaterial which may also impair the Company's business operations. If any of the following risks occur, the Company's business may be harmed, and its financial condition and results of operations may suffer significantly. An investment in the Company's shares is speculative and will be subject to certain material risks. Investors should not invest in securities of the Company unless they can afford to lose their entire investment.

General Risks

An investment in the 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. The following risk factors, as well as risks not currently known to the Company, could materially adversely affect the Company's future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements contained herein. Prospective investors should carefully consider the following risk factors along with the other matters set out herein.

An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. A purchase of any of the securities of the Company involves a high degree of risk and should be undertaken only by purchasers whose financial resources are enough to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Company's securities prior to purchasing any of the securities.

Limited Operating History

The Company is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Company was incorporated on July 15, 2015 and has yet to generate a profit from its activities. The Company is subject to all the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take a significant period of time to achieve positive cash flow from operations.

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Notwithstanding that the Company owns the Bethania Project which can be considered a small-scale operating mine, the Company is in the process of and may apply for interest in other early-stage exploration properties and few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations. Mining operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. There is no certainty that the expenditures made by the Company toward the search and evaluation of precious metals and other minerals will result in discoveries of mineral resources, mineral reserves or any other mineral occurrences.

Substantial Capital Requirements and Liquidity

Substantial additional funds will be required and there can be no assurances given that the Company will be able to raise the necessary funds. To meet such funding requirements, the Company may undertake additional equity financing which would be dilutive to shareholders. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may reduce or discontinue operations.

Political and Social Risk in Peru

The Bethania Project is located in Peru. The Government of Peru is currently supportive of mining exploration and development in the country; nevertheless, mineral exploration and mining activities in Peru may be affected to varying degrees by political or economic instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws, and mining laws. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may materially adversely affect it business, and if significant enough, may make it impossible to operate in Peru altogether. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income and other similar taxes, expropriation of property, environmental legislation and mine safety. Further, the Bethania Project is closer to a small community than the main town and both sites must be subject to a careful and well-planned stakeholder engagement plan with experienced local personnel.

In addition, social acceptance to operate during the various stages of a mining project is an integral part of operating in Peru such that lack thereof provides a very real risk during the exploration, exploitation and closure stages of mine development. The fact that the means and tools to manage social acceptance are not an exact science adds to the level of risk.

The COVID-19 pandemic has also created a risk that the small town, communities and cities in Peru may impose restrictions or limits on allowing Company's personnel to enter and leave the town or community.

Competition

There is competition within the mining industry for properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of its directors and officers and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Fluctuating Mineral Prices and Marketability of Minerals

The market price of any mineral is volatile and is affected by many factors beyond the Company's control, including but not limited to: international supply and demand, consumer product demand levels, international economic trends, commodity prices, operations costs, variations in mineral grade, fluctuations in the market price of minerals, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Depending on the price of certain minerals, the Company may determine that it is impractical to continue its mineral exploration and property development activities. Sustained downward movements in mineral market prices could render less economic, or uneconomic, some or all of the mineral exploration or property development activities to be undertaken by the Company. The marketability of minerals is affected by factors such as government regulation of mineral prices, royalties, allowable production and the importation and exportation of minerals, the effect of which cannot be accurately predicted.

Environmental Risks

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and prevailing governing laws and regulations. Environmental legislation regulates various substances produced or used in association with mining exploration and mining operations. The legislation also requires that exploration and operations sites be maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability, all of which will increase capital expenditures and operating costs.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production, development or exploration. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Markets for Securities

There can be no assurance that an active trading market in the Company’s common shares will be sustained. The market price for the Company’s common shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of the Company's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector.

Uninsurable Risks

Exploration and development operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or for other reasons. Should there be the occurrence of such an event, it could have an adverse impact on the Company. The Company does not intend to maintain insurance against environmental risks.

Foreign Exchange

The Company may be adversely affected by future fluctuations in foreign exchange rates. For example, to the extent the actual Canadian to U.S. dollar exchange rate is less than the exchange rate used in this AIF, the costs to complete the exploration program on the Bethania Project as set out in the Technical Report will increase and thereby decrease funds available for general and administrative expenses and the Company's available unallocated capital.

By way of further example, the Company's equity financings are generally received in Canadian dollars, however, expenditures on the Bethania Project are generally expected to be incurred in U.S. dollars, and accordingly fluctuations in the Canadian to U.S. dollar exchange rate could have an adverse effect on the Company.

Internal Controls

Ensuring that the Company has adequate internal financial and accounting controls and procedures in place so that the Company can produce accurate financial statements on a timely basis is a costly and time-consuming effort. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards. If the Company or its independent audit firm identify deficiencies in the Company's internal control over financial reporting that are deemed to be material weaknesses, the market's confidence in the Company's financial statements could decline and the market price of the Company's securities could be adversely impacted.

Stage of Development

The Company may be subject to growth-related risks, capacity constraints and pressure on the Company's internal systems and controls, particularly given the early stage of the Company's development. The ability of the Company to manage growth effectively will require the Company to continue to expand its operations and to train and manage the Company's employee base. The inability of the Company to deal with this growth could have a material adverse impact on the Company's business, operations and prospects.

Legal Risks

The Company is subject to legal risks related to operations, contracts, relationships and otherwise, pursuant to which the Company may be served with legal claims. Whether or not the claims are legally valid, such claims may result in legal fees, damages, settlement costs and other costs as well as significant time and distraction of management and employees.

Conflicts of Interest

Conflicts of interest for the directors and officers of the Company, if any, will be subject to and governed by the procedures prescribed by the BCBCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Company to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the BCBCA.

Absence of Cash Dividends

The Company has not paid any cash dividends to date on its common shares and there are no plans for the Company to pay such dividend payments in the foreseeable future.

Unfavourable global economic conditions

Recent global financial conditions have been characterized by increased volatility. Access to public financing may be negatively impacted. These factors may impact the ability of the Company to obtain equity or debt financing in the future on terms favourable to it, if at all. The Company's results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. A severe or prolonged economic downturn could result in a variety of risks to the Company's business, including the Company's ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could strain the Company's suppliers, possibly resulting in supply disruption, or cause delays in payments for the Company's services by third-party payors. Any of the foregoing could harm the Company's business and the Company cannot anticipate all of the ways in which the current or future economic climate and financial market conditions could adversely impact the Company's business. For example, in December 2019, a novel strain of COVID-19 was reported in many countries around the globe. The extent to which COVID-19 impacts the Company's results will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the COVID-19 or remedy its impact, among others.

Pandemic Virus Outbreak

A pandemic virus outbreak, such as COVID-19, could lead to disruptions in many aspects of the Company's business operations resulting from government policies restricting mobility, assembly, or contact to, employees and suppliers across the global supply chain. Such policies may include the closures of mines and processing facilities, warehouses and logistics supply chains. A pandemic virus outbreak could also lead to disruptions in business operations resulting from travel restrictions and impacts uncertainty regarding the duration, and the financial and social extent of the virus and policy responses to the virus.

Cybersecurity Risks

Cybersecurity refers to the combination of technologies, processes, and procedures established to protect information technology systems and data from unauthorized access, attack, or damage. The Company is subject to cybersecurity risks. Information cybersecurity risks have significantly increased in recent years and, while the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, it could suffer such losses in the future. The Company's computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could have a cybersecurity impact. If one or more of such events occur, it could potentially jeopardize confidential and other information, including nonpublic personal information and sensitive business data, processed and stored in, and transmitted through, the Company's computer systems and networks, or otherwise cause interruptions or malfunctions in the Company's operations or the operations of the Company's customers or counterparties. This could result in significant losses, reputational damage, litigation, regulatory fines or penalties, or otherwise adversely affect the Company's business, financial condition or results of operations. Additionally, if the Company is unable to repair affected technologies or acquire or implement new technologies, it may suffer a competitive disadvantage, which could also have an adverse effect on the Company's results of operations, financial condition and liquidity.

Changes in Climate Conditions

A number of governments have introduced or are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency are becoming more stringent. If the current regulatory trend to reduce greenhouse gas emission levels continues, this may result in increased costs at some of the Company's operations since diesel fuel may be utilized to power generators and other equipment at the Company's property locations. In addition, the Company's operations could be exposed to a number of physical risks from climate change, such as changes in rainfall rates, rising sea levels, reduced water availability, higher temperatures, increased snow pack, hurricanes and extreme weather events. Events or conditions such as flooding or inadequate water supplies could disrupt mining and transport operations, mineral processing and rehabilitation efforts, could create resource shortages and could damage the Company's property or equipment and increase health and safety risks on site. Such events or conditions could have other adverse effects on the Company's workforce and on the communities around the Company's properties, such as an increased risk of food insecurity, water scarcity and prevalence of disease. The Company's facilities depend on regular supplies of consumables to operate efficiently. In the event that the effects of climate change or extreme weather events cause prolonged disruption to the delivery of essential commodities, activities at the Company's operations may be reduced. There can be no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on the Company's operations and profitability.

Foreign Corrupt Practices and Anti-Bribery Legislation

The Company's business is subject to the Canadian *Corruption of Foreign Public Officials Act* and similar worldwide anti-bribery laws, a breach or violation of which could lead to civil and criminal fines and penalties, loss of licenses or permits and reputational harm.

The Company operates in certain jurisdictions that have experienced governmental and private sector corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with certain local customs and practices. For example, the Canadian *Corruption of Foreign Public Officials Act* and anti-corruption and antibribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business or other commercial advantage. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny of and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third party agents.

The Company's Code of Business Conduct and other corporate policies mandate compliance with these anti-corruption and antibribery laws and the Company has implemented internal monitoring and controls to ensure compliance with such laws. However, there can be no assurance that the Company's internal control policies and procedures will always protect us from recklessness, fraudulent behaviour, dishonesty or other inappropriate acts committed by the Company's affiliates, employees, contractors or agents. Violations of these laws, or allegations of such violations, could lead to civil and criminal fines and penalties, litigation, loss of operating licenses or permits or withdrawal of mining tenements, and may damage the Company's reputation, which could have a material adverse effect on the Company's business, financial position and results of operations or cause the market value of the Company's shares to decline. The Company may face disruption in the Company's permitting, exploration or other activities resulting from the Company's refusal to make "facilitation payments" in certain jurisdictions where such payments are otherwise prevalent.

The Canadian Extractive Sector Transparency Measures Act ("**ESTMA**"), which became effective June 1, 2015, requires public disclosure of payments to governments by mining and oil and gas companies engaged in the commercial development of oil, gas and minerals which are either publicly listed in Canada or with business or assets in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments, including Indigenous groups. Reporting on payments to Canadian First Nations commenced in 2018 for payments made in 2017. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure improvement payments, and any other prescribed payment over C$100,000. Failure to report, false reporting or structuring payments to avoid reporting may result in fines of up to C$250,000 (which may be concurrent). The Company commenced ESTMA reporting following completion of its 2017 fiscal year end. If the Company becomes subject to an enforcement action or in violation of ESTMA, this may result in significant penalties, fines and/or sanctions imposed on us resulting in a material adverse effect on the Company's reputation.

Title to the Company's Mining Claims and Leases

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

Uncertainty Relating to Mineral Resources

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may be attached to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to measured or indicated mineral resources or ultimately mineral reserves as a result of continued exploration.

Health and Safety

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death and/or material damage to the environment and Company assets. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licenses, affect the reputation of the Company and its ability to obtain further licenses, damage community relations and reduce the perceived appeal of the Company as an employer. Personnel involved in the Company's operations are subject to many inherent risks, including but not limited to, rock bursts, cave-ins, flooding, fall of ground, electricity, slips and falls and moving equipment that could result in occupational illness, health issues and personal injuries. The Company strives to manage all such risks in compliance with local and international standards. The Company has implemented various health and safety measures designed to mitigate such risks, including the implementation of improved risk identification and reporting systems across the Company, effective management systems to identify and minimize health and safety risks, health and safety training and the promotion of enhanced employee commitment and accountability. Such precautions, however, may not be sufficient to eliminate health and safety risks and employees, contractors and others may not adhere to the occupational health and safety programs that are in place. Any such occupational health and personal safety issues may adversely affect the business of the Company and its future operations.

Environment and Safety Regulations

All phases of the Company's operations are also subject to environmental and safety regulations in the jurisdictions in which it operates. These regulations mandate, among other things, water and air quality standards, noise, surface disturbance, the impact on flora and fauna and land reclamation, and regulate the generation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that the Company has been or will at all times be in full compliance with all environmental laws and regulations or hold, and be in full compliance with, all required environmental, health and safety permits. In addition, no assurances can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could have an adverse effect on the Company's financial position and operations. The potential costs and delays associated with compliance with such laws, regulations and permits could prevent the Company from proceeding with the development of a project or the operation or further development of a project, and any non-compliance therewith may adversely affect the Company's business, financial condition and results of operations. Environmental hazards may also exist on properties on which the Company holds interests that are unknown to the Company at present and that have been caused by previous or existing owners or operators of the properties.

Emerging Market Issuer Risks

The Company is subject to certain risks as an emerging market issuer. The Company is also aware that emerging-market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the emerging markets are more susceptible to destabilization resulting from domestic and international developments. Economic instability in Peru and in other Latin American and emerging market countries has been caused by many different factors, including but not limited to, the following: (i) high interest rates; (ii) changes in currency values; (iii) high levels of inflation; (iv) exchange controls; (v) wage and price controls; (vi) changes in economic or tax policies; (vii) the imposition of trade barriers; (viii) internal security issues; (ix) renegotiation, cancellation or forced modification of existing contracts; (x) political factors, including political instability and sudden or arbitrary changes to laws; (xi) legal and regulatory framework in the foreign jurisdiction which may increase the likelihood that laws will not be enforced and judgements will not be upheld; (xii) legislation may be subject to conflicting interpretations; (xiii) application of and amendments to legislation could adversely affect the Company's mining rights or make it more difficult or expensive to develop the Company's projects and continue mining; (xiv) corruption, bribery, civil unrest and economic uncertainty, which may negatively impact and disrupt business operations; (xv) lack of certainty with respect to foreign legal systems, corruption and other factors that are inconsistent with the rule of law; (xvi) unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company's business; and (xvii) restrictions on the ability of local operating companies to hold U.S. dollars or other foreign currencies in offshore bank accounts. Certain facts and statistics contained in this AIF have come from official government sources or other industry publications, the reliability of which cannot be assumed or assured.

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

Certain of the Company's subsidiaries are organized under the laws of foreign jurisdictions and certain of the Company's directors, management personnel and advisors are located in foreign jurisdictions. Given that the Company's material assets and certain of its directors, management personnel and experts are located outside of Canada, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Company's directors, officers and advisors, any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or otherwise. Similarly, in the event a dispute arises from the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

Mine Closure Risks

In the future the Company may be required to close the mine the Company operates. The key risks for mine closure possibly include, without limitation, the (i) long-term management of permanent engineered structures and acid rock drainage; (ii) achievement of environmental closure standards; (iii) orderly retrenchment of employees and contractors; and (iv) relinquishment of the site with associated permanent structures and community development infrastructure and programs to new owners. The successful completion of these items is dependent on the ability to successfully implement negotiated agreements with the relevant government, community and employees. The consequences of a difficult closure range from increased closure costs and handover delays to ongoing environmental impacts and damage to corporate reputation if desired outcomes cannot be achieved, which could materially and adversely affect the Company's business and results of operations.

Significant Shareholder Risk

As of the date of this AIF, the Company's officers, directors, principal shareholders and their affiliates, including Erika Claudia Soria Lopez who became a 10% shareholder following completion of the S&L Acquisition, beneficially own or control, directly or indirectly, approximately 13,667,529 common shares, which in the aggregate represent approximately 35.78% of the Company's outstanding common shares. As a result, if some or all of these shareholders act together, they will have the ability to control certain matters submitted to the Company's shareholders for approval, including amendments to the Company's articles of incorporation and by-laws and the approval of any business combination. This may delay or prevent an acquisition of the Company or cause the market price of the Company's common shares to decline. These shareholders may have interests that differ from other shareholders.

Joint Venture Risk

In the event that the Company proceeds with any proposed joint ventures to acquire or develop mineral assets or properties, there are certain risks that are inherent in joint venture arrangements. There is the possibility that the joint venture partners may without limitation: (a) have economic or business interests or targets that are inconsistent with those of the Company; (b) take action contrary to the Company's policies or objectives with respect to their investments, for instance by veto of proposals in respect of joint venture operations; (c) be unable or unwilling to fulfill their obligations under the joint venture or other agreements; or (d) experience financial or other difficulties. Any of the foregoing may have a material adverse effect on the results of operations or financial condition of the Company. In addition, the termination of certain of these joint venture agreements, if not replaced on similar terms, could have a material adverse effect on the results of operations or financial condition of the Company.

Additional Risks

Please refer to the Company's consolidated financial statements and management's discussion and analysis for the year ended July 31, 2020 incorporated by reference into this AIF for additional risk factors.

ASSET BACKED SECURITIES

The Company does not have any asset backed securities.

MINERAL PROJECTS

Bethania Project

For the purposes of this AIF, the Company has identified its Bethania Project as its material property. The Bethania Project is located in central Peru, approximately 170 km Southeast of Lima, in Huancavelica Department. The Bethania Project mine produced a silver-polymetallic ore up until 2016, which was toll treated at various plants in the region. The mine consists of a group of structurally controlled veins. The Company has identified the opportunity to expand the mine, construct a concentrate plant at site and restart production.

Current Technical Report

A Technical Report dated August 29, 2019 and effective July 31, 2019 on the Bethania Project was prepared for KSC by Scott Jobin-Bevans, PhD, PMP, P.Geo. (the "**Author**") of Caracle Creek International Consulting Inc. (the "**Technical Report**") in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). The Technical Report is available for review on www.sedar.com. Readers are encouraged to review the entire Technical Report.

The below summary is a direct extract and reproduction of the summary contained in the Technical Report, without material modification or revision (other than to provide current updates) and all defined terms used in the summary shall have the meanings ascribed to them in the Technical Report. The below summary is subject to all the assumptions, qualifications and procedures set out in the Technical Report. The Technical Report was prepared in accordance with NI 43-101. For full technical details of the report, reference should be made to the complete text of the Technical Report, which has been filed with the applicable regulatory authorities and is available under the Company's SEDAR profile at www.sedar.com. The Technical Report is incorporated by reference in this AIF and the summary set forth below is qualified in its entirety with reference to the full text of the Technical Report. The Author of the Technical Report has reviewed and approved the scientific and technical disclosure contained in this AIF related to the Bethania Project.

Project Description, Location and Access

The Bethania Project, located in the high Andes of Central Peru and about 70 km (direct) southwest of the city of Huancayo, capital city of neighbouring Junín Department, consists of four concessions situated near the borders of the departments of Huancavelica, Lima and Junín. Collectively, the four concessions are what is referred to as the Bethania Project and the focus of the Technical Report is the Santa Elena concession.

The Santa Elena concession, on which the Bethania Project mine is located, is in the northwestern part of Huancavelica Department, Province of Huancavelica, and District of Acobambilla. The Bethania Project is about 316 km by road from Peru's capital city of Lima, but it is possible to fly from Lima to Jauja (Jauja is about 50 km or a one hour drive from Huancayo) and then drive southwest to the Bethania Project via Huancayo.

Historically known as Mina Santa Elena (the "**Santa Elena Mine**"), the Bethania Project mine operated on and off from 1977 and was put on care and maintenance in 2016. The Bethania Project mine and related infrastructure are centred at approximate UTM coordinates 442766mE, 8603236mS (PSAD56, UTM Zone 18 South; EPSG:24878) and at about 4,688 metres above sea level ("**mASL**").

From Huancayo it is about 120 km to the small village of Bethania, first along a well-maintained paved road to the village of Chongos Alto (~2 hours) and then secondarily along a gravel road that winds its way through the interior to the Bethania Project. The drive from the city of Huancayo to the Bethania Project takes about 3.5 to 4.0 hours and is best accomplished in a 4x4 truck.

History

According to locals, silver veins in the region and on the Bethania Project (e.g., Española vein) were first exploited by the Spaniards as early as the 1600s, through small-scale mining of the rich silver veins. Modern exploitation of the vein systems (Española and 12 de Mayo veins) started in 1977, was suspended in the 1980s due to political issues in Peru (i.e., terrorism), and subsequently re-started production in 2008 which continued until 2016.

Although production at the Bethania Project mine began in 1977, the earliest confirmed ownership of the Bethania Project (Santa Elena Mine) comes from a 1988 technical report by Minero Bank of Peru, which points to the owner as engineer Heraclio Lopez.

In 1989, the Bethania Project was purchased and transferred to S&L.

Geological Setting, Mineralization and Deposit Types

The Bethania Project is located in the Cordillera Central, which contains prolific and prospective base and precious metals belts that are host to numerous styles of mineralization including epithermal Au-Ag, porphyry Cu-Au-Mo, and replacement/skarn Zn-Cu. Peru is the second largest silver producer in the world with approximately 50% of silver production associated with gold production and 50% associated with base metal/polymetallic mines.

Given the lithological, structural, mineralogical and alteration characteristics observed at the Bethania Project and specifically in the Bethania Project mine vein system, mineralization identified to date can be classified as a polymetallic intermediate sulphidation epithermal ("**ISE**"), with significant accumulations of silver, lead, zinc, copper, and gold. The Bethania Project mine and other deposits, occurrences and mines in the immediate area are interpreted to be located within an ancient volcanic caldera.

Exploration

The earliest written referral to the Bethania Project is from an August 1988 technical report prepared by Minero Bank of Peru. This report also refers to a regional study carried out by Minero Bank of Peru in 1977 that examined the Bethania Project – Huarmicocha areas including the Santa Elena Mine. The 1988 report by Minero Bank of Peru described exploration in the region as minimal and production from the Santa Elena Mine as small-scale, implicating the lack of a nearby concentrate plant as the main reason for it remaining small. Production methods at this time focused on high-grade, selective mining of the veins.

Historical surface exploration on the Bethania Project by S&L (2008-2016) has been limited to geological and structural mapping and rock sampling, trenching and sampling, and the drilling of short "pack sack" drill holes. The general locations and projections of some of these pack sack drill holes are shown on mine level plans but results from this drilling are not available. No other surface exploration is known to have been completed on the Bethania Project.

Due Diligence Sampling -2017

In January 2017, Mr. David Stein, President and CEO of the Company and Mr. Christian Aramayo visited the Bethania Project as part of KSC's due diligence. At that time, two grab samples were collected from the Bethania Project (Table 7): (1) Rock sample from mineralized quartz stockwork which assayed 74.74 g/t Ag and 0.55 g/t Au; and, (2) Sample from ore stockpile which assayed 554.40 g/t Ag, 1.71 g/t Au, 6.60% Pb, 1.13% Zn, and 0.45% Cu. Of significance are the high concentrations of silver and anomalous gold in the quartz stockwork which occurs at various locations on the Bethania Project (surface and underground) in regions between historically targeted vein systems and has never been the target for potentially economic ore.

Table 7. Summary of due diligence surface samples collected by Mr. Stein in 2017.

Sample	*UTM E	*UTM N	Description	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)
00037-1	442982	8603306	Siliceous Stockwork	74.74	0.55	na	na	na
00037-2	442584	8603208	Ore Stockpile near 670m Portal	554.40	1.71	6.60	1.13	0.45
*PSAD56, UTM Zone 18 South; EPSG:24878								

Exploration – Underground

S&L provided the most thorough documentation on underground exploration on the Bethania Project. Exploration for vein extensions, vein splays and new veins is a continuous part of the mining plan/program at the Santa Elena Mine (Bethania Project mine). The work was mainly directed towards the exploration of the main veins (12 de Mayo and Española 1), as well as to the surface exposures of veins (Española 2 and Santa Elena), with some later exploration aimed at the structures identified in the underground mine, such as the Victoria, Remal 12 de Mayo, Carolina, Rocio, and Betzaida.

At the Bethania Project mine (Santa Elena concession), much can be gained by drilling along the well-known northeast-trending and lesser explored northwest-trending mineralized structures to determine continuity, from surface and/or from underground. In most cases, this should be a relatively low risk method to increase the resource size, resource confidence and understanding of the mineralization on the Bethania Project.

Historically, production has focused on the vein systems at the Bethania Project and to date, no systematic studies have been conducted to identify and characterize the disseminated sulphide mineralization observed in the host rocks (i.e., altered andesite-dacite and stockwork siliceous breccias) located between the vein sets.

Drilling

N/A

Sampling, Analysis and Data Verification

N/A

Mineral Processing and Metallurgical Testing

Veins at the Bethania Project mine have been mined, most recently and at small-scale, on and off between 1977 and 2016. Total silver recovery from January 2013 to August 2016, a combination of what was recovered from the production of lead and zinc concentrates through toll milling, was 741,804.83 ounces of silver. Between 2001 and 2015, there were six metallurgical studies commissioned by S&L that have been reported on by independent laboratories using material from the Santa Elena Mine (Bethania Project).

Mineral Resource and Mineral Reserve Estimates

S&L calculated its own internal mine resources and reserves for internal planning purposes and at times to promote investment in the mine (Source: Milla, 2016a; Milla and Osorio, 2016). These calculations, summarized in Table 1-1, have not been verified by a third party nor independently by a Qualified Person as defined by NI 43-101 and are therefore not considered by the Company management as being NI 43-101 compliant.

The Author has reviewed the amount and quality of the data used by S&L and their modelling methods and is of the opinion that the mineral resources and reserves, although not independently calculated, are of high quality and reliable for the purposes of operations and planning at the Bethania Project.

Table 1-1. Summary of historical mineral reserves and resources, Bethania Project:

Type	Tonnes (t)	Ag (g/t)	Ag (oz/t)	Pb (%)	Zn (%)	Ag (Contained Oz)
Mine Reserves	79,722	540	15.75	4.47	2.81	1,384,842
Resources	355,491	605	17.65	5.44	2.76	6,910,745
Totals:	**435,263**	**573**	**16.71**	**4.96**	**2.78**	**8,295,587**

Historical Stockpile Resources

A historical estimation of three stockpiles located on the Bethania Project, are estimated to contain some 25,000 tonnes of material at an approximate grade of 11.5 oz/t Ag, 4.5% Pb, and 1.3% Zn. Details of the size and grades of the three stockpiles are provided in Table 1-2. The Author noted the presence of the three stockpiles on the Bethania Project but did not conduct any sampling.

Table 1-2. Summary of historical mineral resources from three stockpiles on the Bethania Project:

Stockpile	Level (m)	Tonnes	Ag (g/t)	Ag (oz/t)	Pb (%)	Zn (%)	Ag (Contained Oz)
Cancha 1	740	6,084	414.51	12.09	7.10	1.91	81,080
Cancha 2	720	6,052	236.23	6.89	3.17	0.95	45,965
Cancha 3	690	21,527	288.69	8.42	2.38	0.68	199,805
	Total:	**25,247**	**402.51**	**11.74**	**4.50**	**1.27**	**326,850**

Mining Operations

At the re-start of operations by S&L in June 2010, an updated mining plan was put into place and production began. As is required for obtaining a Certificate of Mining ("**COM**"), S&L kept detailed records of its mining operations (see Appendix 5 of the Technical Report).

During the six year period, an estimated 91,000 tonnes of ore was mined, with the bulk of production from the Española 1, 12 de Mayo, and Victoria veins and lesser production from the Española 2, Ramal 12 de Mayo, and Carolina veins (Table 16)

Table 16. Summary of production from the Santa Elena Mine (2010-2016).

PERIOD	2010	2011	2012	2013	2014	2015	2016
PRODUCTION							
TONNES	4,100.00	6,890.00	9,136.70	21,500.00	28,789.00	17,885.00	2,717.00
ORE GRADES							
Ag (Oz/Tm)	20.17	25.61	21.32	14.39	13.10	16.33	9.63
Pb%	10.20	8.51	7.69	3.31	2.07	4.05	3.51
Zn%	1.40	2.90	3.26	2.30	1.99	2.89	1.29
LEAD CONCENTRATE							
METRIC TONNES	NO PRODUC.	NO PRODUC.	NO PRODUC.	1,316.52	1044.49	949.00	288.30
Pb%				44.08	46.30	55.13	46.07
Ag (Oz/Tm)				155.81	244.8	187.96	145.23
Au (Gr/Tm)				3.23	6.03	3.94	3.20
ZINC CONCENTRATE							
METRIC TONNES	NO PRODUC.	NO PRODUC.	NO PRODUC.	347.73	524.96	695.52	81.26
Zn%				34.97	48.77	49.90	45.49
Ag (Oz/Tm)				18.35	29.54	26.02	23.28

Note:

1. In the above table, "Tm" means metric tonne.

Historically, at the Santa Elena Mine, an overhand (upward) cut and fill selective mining method (high-grade, narrow vein) was used. This mining method is a favoured choice for steeply dipping, narrow width and irregular bodies such as those mineralized narrow (<0.50 m) and high-grade veins at the Bethania Project. This method was utilized from exploration and development through to production, creating raises on vein, that served as ventilation and manway shafts, and drifting on vein for sub- levels and crosscuts.

According to a geomechanics study, the behavior of the rock is of two main types: regular to good rock type as found in the 12 de Mayo vein, which do not require much support, and poor rock type as found in the Española 1 vein, which requires continuous support.

A summary of the metres advanced through exploration, development, and preparation methods as described below is provided in Table 17.

Table 17. Summary of advanced metres in the Santa Elena/Bethania Project mine (2010-2016).

PERIOD	2011	2012	2013	2014	2015	2016
Linear advances mts						
Exploitation	-					
Develop	413.89	699.70	922.25	1343.15	637.01	194.45
Preparation	320.60	113.80	1,009.40	756.45	474.33	
Exploration	44.50	675.52	1,323.95	915.01	68.60	
Rehabilitation	81.60	-	-	-	-	

Processing and Recovery Operations

Veins at the Bethania Project mine have been mined most recently at small-scale, on and off between 1977 and 2016. Between 2001 and 2015, there were six metallurgical studies commissioned by S&L that have been reported on by independent laboratories using material from the Santa Elena Mine (Bethania Project mine). A complete metallurgical test report from the most recent work (2015) commissioned by S&L, along with additional metals recovery information, is provided in Appendix 6 of the Technical Report.

A summary of the toll milling recoveries of metals from lead and zinc concentrates between January 2013 and August 2016, when data collection was strongest, is provided in Table 20.

Table 20. Summary of toll milling recoveries (lead-zinc concentrates) 2013 to 2016, Bethania Project mine.

Process Information					**Recovery (Lead Concentrate)**							
Year	**Deliveries**	**Plant**	**Delivered (t)**	**Lead Concentrate (t)**	**Ag (oz)**	**%R**	**Pb (t)**	**%R**	**Zn (t)**	**%R**	**Cu (t)**	**%R**
2013	11	Minera Peru Sol - Huari Minera San Valentin - Yauyos	20,235.10	1,331.69	207,405.85	87.84	587.48	92.91	135.01	42.55	-	-
2014	50	Minera San Valentin - San Pedro	24,753.65	1,023.83	253,052.08	85.55	485.93	89.20	58.56	28.58	2.85	74.15
2015 2016	43	Minera San Valentin - San Pedro Mina Azulcocha Zinc	16,620.50	843.22	187,528.92	83.01	539.94	93.83	65.56	14.97	28.68	73.18
		Totals:	**61,609.25**	**3,198.74**	**647,986.85**		**1,613.35**		**259.13**		**31.53**	
Process Information					**Recovery (Zinc Concentrate)**							
Year	**Deliveries**	**Plant**	**Delivered (t)**	**Zinc Concentrate (t)**	**Ag (oz)**	**%R**	**Pb (t)**	**%R**	**Zn (t)**	**%R**	**Cu (t)**	**%R**
2013	11	Minera Peru Sol - Huari Minera San Valentin - Yauyos	20,235.10	351.88	6,513.13	2.76	12.11	1.92	123.82	39.02	-	-
2014	50	Minera San Valentin - San Pedro	24,753.65	661.11	19,230.60	6.68	16.45	3.27	325.58	63.79	4.57	8.76
2015 2016	43	Minera San Valentin - San Pedro Mina Azulcocha Zinc	16,620.50	626.76	21,165.26	9.17	8.49	1.56	322.40	75.54	4.65	11.65
		Totals:	**61,609.25**	**1,639.75**	**46,908.99**		**37.05**		**771.80**		**9.22**	

Note:

1. In the above table, “%R” means per cent recovery.

Total silver recovery is a combination of what was recovered from the lead and zinc concentrates, which in this period was 694,895.84 ounces of silver. Typically, in the sale of lead concentrate, payment is made on the basis of the recovery of lead, silver, and gold (no credit for zinc) and in the sale of zinc concentrate, payment is made on the basis of the recovery of zinc, silver, and gold (no credit for lead).

Infrastructure, Permitting and Compliance Activities

S&L rents some of the buildings in the village of the Bethania Project for accommodation and office space but also has offices and warehouses set up near the mine site itself. Permitted installations include a wastewater pond, fuel storage and explosives magazine. The Company, through S&L, has been granted a water permit by the National Water Authority (dated April 11, 2012) which is subject to an annual fee of approximately 300 soles (US$91.00). The Bethania Project does not have any existing power lines with the closest being 5 km and 8 km away. In the past, the mine has relied on diesel generators to provide the necessary electrical requirements.

S&L has secured all the necessary operational permits (mine, explosives, water usage), has an approved DIA which addresses the environmental and social impact of the mine and allows the Company to carry out mining operations in the mine area. As a result of an updated interpretation of Ley No. 29338 (Ley de Recursos Hidricos), D.S. No. 001-2010-8g, the Bethania Project mine has been notified of a requirement to obtain a separate water discharge permit. S&L engaged Ocean & Rivers Consulting SAC (of Peru) to assist in the design of a water treatment system for the mine in order to update the DIA as required. The conceptual design of a new water treatment facility is complete, and S&L is in the process of a submission to update its DIA.

With KSC's support, S&L began working towards approval of an EIA required to construct a plant and tailings storage facility at site in 2018. As a small mine, the Bethania Project is required to obtain permits from the DREM in Huancavelica Department. In Peru, the local community has an important role in the EIA, and in the case of the Bethania Project, the Poroche community was required to approve the EIA through a series of in-person workshops and approve additional surface usage, before the EIA can be submitted. The community issued their approval for additional surface usage in August 2019 and approved the EIA at the final community workshop in December 2019. In August 2020, S&L received approval from the Regional Government of Huancavelica for the Estudio de Impacto Ambiental Semi Detallado (in English, Semi Detailed Environment Impact Study) for the Concesion de Beneficio Planta Bethania Project (in English, the Bethania Project processing plant).

Capital and Operating Costs

N/A

OIL AND GAS ACTIVITIES

The Company does not have oil and gas operations.

DIVIDENDS AND DISTRIBUTIONS

Dividends can be declared by the Company's Board of Directors when deemed appropriate from time to time. As of the date of this AIF, the Company has not declared any dividends on the common shares and it is unlikely that earnings will be available for the payment of dividends in the foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As of the date hereof, there are 38,201,196 common shares issued and outstanding and the Company has not issued any preferred shares.

The holders of common shares are entitled to receive notice of and to attend all meetings of the shareholders and shall have one vote for each common share held at all meetings of the shareholders. The holders of common shares are entitled to: (a) receive any dividends as and when declared by the Board of Directors, out of the assets of the Company properly applicable to the payment of dividends, in such amount and in such form as the Board of Directors may from time to time determine; and (b) receive the remaining property of the Company (after payment of all outstanding debts) in the event of any liquidation, dissolution or winding-up of the Company. The holders of the common shares have no pre-emptive, redemption or conversion rights, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a securityholder to contribute additional capital.

Constraints

There are no constraints imposed on the ownership of securities of the Company.

Ratings

The Company has not asked or received a credit rating, nor is the Company aware that it has received any other kind of rating, including a stability rating or a provisional rating, from one or more credit rating organizations for securities of the Company.

MARKET FOR SECURITIES

The Company's Common Shares currently trade on the CSE under the symbol "KUYA" and on the OTCQB under the symbol "KUYAF".

Trading Price and Volume

The following table sets forth the high and low price ranges and the volume of the trading of the common shares, on days which there was trading activity, on the CSE for the periods indicated.

	Price Range Per Common Share		
	High ($)	**Low($)**	**Volume**
February 2021[1]	2.4657	2.2214	161,041

	Price Range Per Common Share		
	High ($)	Low($)	Volume
January 2021	2.6125	2.3395	95,837
December 2020	2.3004	2.1202	93,576
November 2020	1.9957	1.8033	141,056
October 2020	1.3864	1.2635	224,101
September 2020(2)	0.1350	0.1350	Nil
August 2020(2)	0.1350	0.1350	Nil
July 2020(2)	0.1350	0.1350	Nil
June 2020(2)	0.1341	0.1330	13,031
May 2020	0.1153	0.1085	100,530
April 2020	0.0726	0.0702	36,645
March 2020	0.0636	0.0614	49,111
February 2020	0.1095	0.1068	44,905
January 2020	0.1227	0.1136	115,631

Notes:

(1) Up to and including February 9, 2021.
(2) The shares of the Company were halted on June 10, 2020 at the request of the Company in connection with the announcement of the Amalgamation Transaction.

Prior Sales

The following table summarizes the issuances of common shares or securities convertible into common shares for the 12-month period prior to the date of the AIF.

Date Issued	Class of Security	Number of Common Shares Issued/Issuable	Price/Deemed Price/Exercise Price of Security
October 1, 2020	Common Shares(1)	26,763,410	$0.90
October 1, 2020	Warrants(2)	1,908,700	USD$0.0005
October 1, 2020	Stock Options(3)	920,000	$0.90
December 15, 2020	Common Shares(4)	3,670,000	$1.2757
December 15, 2020	Common Shares(5)	259,288	$2.09
December 31, 2020	Common Shares(6)	1,632,076	USD$0.0005
January 6, 2021	Common Shares(6)	191,757	USD$0.0005
February 2, 2021	Common Shares(6)	57,343	USD$0.0005
February 5, 2021	Common Shares(7)	50,000	$0.90

Notes:

(1) The common shares were issued in exchange for 14,584,969 KSC common shares pursuant to the Amalgamation Transaction that closed October 1, 2020.

(2) Performance warrants issued in connection with the Bethania SPA originally executed by KSC and converted to warrants of the Company on closing of the Amalgamation Transaction, exercisable into one common share at USD$0.0005 until April 30, 2021. 1,881,176 of the performance warrants have been exercised with the result that 27,524 remain available for exercise.

(3) The stock options were issued October 1, 2020 and are exercisable at a price of $0.90 per common share until October 1, 2025. 740,000 of the stock options are subject to vesting provisions with 1/3 vesting on date of grant and 1/3 vesting every year thereafter for a total of 2 years; the remaining 180,000 stock options vested immediately on date of grant. 50,000 of the stock options have been exercised with the result that 870,000 remain available for exercise.

(4) The common shares were issued on December 15, 2020 at a deemed price per share of USD$1.00 which was CDN$1.2757 on December 14, 2020, the day prior to closing of the S&L Acquisition pursuant to which the common shares were issued.

(5) The common shares were issued on December 15, 2020 pursuant to closing of the S&L Acquisition, at a deemed price per share of CDN$2.09, which was the average closing price of the Company's common shares on the CSE for the five trading days prior to issuance.

(6) The common shares were issued pursuant to the exercise of performance warrants with a deemed price per common share of USD$0.0005.

(7) The common shares were issued pursuant to the exercise of stock options with a deemed price per common share of $0.90.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of this AIF the following common shares of the Company are held in escrow:

Designation of class held in escrow	Number of securities held in escrow	Percentage of class
Common shares	7,982,249	20.90%

Note:

(1) Held in escrow pursuant to an escrow agreement with Computershare Investor Services Inc. dated October 1, 2020 (the "**Escrow Agreement**").

DIRECTORS AND OFFICERS

Name Occupation and Security Holdings of Directors and Officers

The following table sets forth the names and location of residence of the current officers and directors of the Company, their positions and their principal occupations as at the date of this AIF:

Name and Municipality of Residence	Position with the Company	Date of Appointment	Number of Common Shares	Principal Occupation for the Past 5 Years
David Stein *Ajax, ON, Canada*	President, CEO and Director	October 1, 2020	9,296,031 24.33%[(5)]	President, CEO and Director of the Company; President and Director of KSC; and Former President and CEO of Aberdeen International Inc.
Quinton Hennigh[(1)] *Longmont, Colorado, USA*	Executive Chairman and Director	November 14, 2017	151,960 0.40%[(5)]	President and Chairman of Novo Resources Corp.
Tyson King[(2)] *Vancouver, B.C., Canada*	VP Corporate Development	July 15, 2015[(6)]	238,000 0.62%[(5)]	Self-employed business consultant for mining and exploration companies; Senior officer of the Company (2015 – present) and Director of the Company (July 15, 2015 to October 1, 2020)
Dale Peniuk[(1) (2) (3)] *West Vancouver, B.C., Canada*	Director	March 6, 2018	Nil	Chartered Professional Accountant (CPA, CA) and corporate director
Maura Lendon[(1) (2) (3)] *Toronto, ON, Canada*	Director	October 1, 2020	12,000 0.03%[(5)]	Founder and Chief General Counsel, Scalable General Counsel (2019-present); Chief General Counsel and Corporate Secretary of Primero Mining (2012-2018)
Andres Recalde[(1) (2) (3)] *Oakville, ON, Canada*	Director	October 1, 2020	Nil	Director of Mining for Common Good
Lesia Burianyk *Vancouver, B.C., Canada*	CFO	July 15, 2015	20,200 0.05%[(5)]	Chartered Professional Accountant (CPA, CA) and self-employed consultant
Leah Hodges *Squamish, B.C., Canada*	Corporate Secretary	July 15, 2015	20,050 0.05%[(5)]	Self-employed consultant

Notes:

(1) Independent Director.
(2) Member of the Audit Committee.
(3) Member of the Nominating, Compensation and Governance Committee.
(4) Each director's term of office will expire at the next annual meeting of the shareholders unless re-elected at such meeting.
(5) Based on 38,201,196 Common Shares issued and outstanding as of the date of this AIF.
(6) Tyson King resigned as a director of the Company on October 1, 2020.

Directors are elected at each annual meeting of the shareholders of the Company. Each director will serve for a term expiring at the subsequent annual general meeting of the shareholders of the Company.

As at the date of this AIF, the directors and executive officers of the Company, as a group beneficially own, directly or indirectly, or exercise control or direction over 9,738,241 (excluding shares issuable to directors and executive officers pursuant to stock option exercises) or 25.49% of the 38,201,196 issued common shares of the Company. This information as to beneficial ownership of shares was provided by the respective directors and executive officers individually, as it is not within the knowledge of the Company.

Board Committees of the Company

The Company currently has the following committees:

<u>Audit Committee</u>

The purpose of the Audit Committee is to assist the Board of Directors in discharging its responsibilities with respect to: the integrity of the financial statements and the financial reporting process; external and internal audits; compliance with legal and regulatory requirements; internal controls; financial risk management; and disclosure.

<u>Nominating, Compensation and Governance Committee</u>

The purpose of the Nominating, Compensation and Governance Committee is to assist the Board of Directors in discharging its responsibilities with respect to identifying individuals qualified to become new board members; setting director and senior executive compensation; and assessing and making recommendations to the Board of Directors regarding certain compensation related and governance matters as delegated by the Board of Directors.

Principal Occupation of Directors and Officers

See table above.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

<u>Corporate Cease Trade Orders or Bankruptcies</u>

No director, officer or a shareholder of the Company holding a sufficient number of securities of the Company to affect materially the control of the Company other than disclosed herein:

(a) is, as at the date of this AIF, or has been, within ten years before the date of this AIF, a director or officer of any company, including the Company, that:

   (i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under Ontario securities law, that was in effect for a period of more than 30 consecutive days while that person was acting in the capacity as director or officer; or

   (ii) was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the person ceased to be a director or officer of the company and which resulted from an event that occurred while that person was acting in the capacity as director or officer; or

(b) is as at the date of this AIF or has been within the 10 years before the date of this AIF, a director or officer of any company, including the Company, that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Penalties Sanctions and Settlements

No director, officer, or promoter of the Company, or any shareholder anticipated to hold a sufficient amount of securities of the Company to materially affect control of the Company, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No director, officer or promoter of the Company, or a shareholder anticipated to hold a sufficient amount of securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons, has, within the 10 years preceding the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Company also holding positions as directors or officers of other companies. Some of the individuals who are directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under the BCBCA.

PROMOTERS

Other than David Stein, the current President and CEO of the Company, and Tyson King, the former President and CEO of the Company prior to completion of the Amalgamation Transaction, there has been no person or Company that may be considered a promoter of the Company within two years immediately preceding this AIF. David Stein, directly and indirectly holds 9,296,031 Common Shares (approximately 24.33%) of the total issued and outstanding common shares of the Company on a non-diluted basis. Tyson King, directly holds 238,000 Common Shares (approximately 0.62%) of the total issued and outstanding common shares of the Company on a non-diluted basis. Other than an annual salary of $235,000 for Mr. Stein, $84,000 for Mr. King and incentive stock options that may be issued to Mr. Stein and Mr. King by the Board, Mr. Stein and Mr. King have not received any other compensation or payments from the Company.

LEGAL PROCEEDINGS

Other than as noted below, there are no legal proceedings material to the Company to which the Company is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Company to be contemplated.

In 2018, S&L filed an arbitral claim against Compañía Minera San Valentín S.A.C. ("**San Valentin**") before the Lima Chamber of Commerce in the amount of USD$904,856, alleging underpayment from toll milling services. S&L withheld payment of approximately USD$140,000 due to San Valentin pending resolution of this case. The Arbitral Panel requested the Peruvian Board of Engineers for an experts' opinion on the technical merits and both parties are awaiting this opinion before further legal action may be taken. In the normal course of business, S&L incurred legal claims which in the Company's opinion are not material, individually or collectively. The largest claim involves a historical workplace injury, to which a court awarded the claimant 452,157 Peruvian Soles (approximately USD$125,000) in 2020. Both parties appealed and the matter remains outstanding.

REGULATORY ACTIONS

The Company has not been subject to any penalties or sanctions imposed by any court or regulatory authority relating to provincial or territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this AIF, nor has the Company entered into a settlement agreement with a securities regulatory authority within the three years immediately preceding the date of this AIF or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Company's securities or would be likely to be considered important to a reasonable investor making an investment decision.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described herein, no director, executive officer, proposed management nominee for director or person who, to the knowledge of the directors or officers of the Company, beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of any class or series of outstanding voting securities of the Company, informed person or any associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction within the three years before the date of this AIF or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or a subsidiary of the Company.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent of the Company's shares is Computershare Trust Company of Canada, at its Vancouver office located at suite 510 Burrard Street – 2nd Floor, Vancouver B.C., V6C 3B9.

MATERIAL CONTRACTS

Other than as outlined below, the Company has not entered into any other material contracts within the two years before the date of this AIF, other than contracts entered into in the ordinary course of business.

The Company has entered into the following material contracts:

1. the Bethania SPA;
2. the Amalgamation Agreement; and
3. the Escrow Agreement.

INTERESTS OF EXPERTS

The following are the qualified persons involved in preparing the NI 43-101 technical reports or who certified a statement, report or valuation from which certain scientific and technical information relating to the Company's material mineral projects contained in this AIF has been derived, and in some instances extracted from:

- Scott Jobin-Bevans, PhD, PMP, P.Geo. of Caracle Creek International Consulting Inc. has acted as the qualified person in connection with the Technical Report and has reviewed and approved the information related to the Bethania Project contained in this AIF.

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this AIF or as having prepared or certified a report or valuation described or included in this AIF holds any beneficial interest, direct or indirect, in any securities or property of the Company or of an Associate (as defined in the policies of the CSE) or Affiliate (as defined in the policies of the CSE) of the Company and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Company or of an Associate or Affiliate of the Company and no such person is a promoter of the Company or an Associate or Affiliate of the Company. Davidson & Company LLP, Chartered Professional Accountants ("**D&Co**") is the independent external auditor of the Company with a Vancouver office address of 1200 – 609 Granville Street, Vancouver, B.C., V7Y 1G6. D&Co was first appointed as auditor of the Company in October of 2016. D&Co is independent of the Company in accordance with the rules of professional conduct of the Chartered Professional Accountants of British Columbia. RSM Canada LLP, were the independent auditors of KSC until October 1, 2020, having a Toronto office address of 11 King Street West, Suite 700, Toronto, Ontario, M5H 4C7, and are independent with respect to KSC and the Company in accordance with the rules of professional conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com, including financial information provided in the Company's financial statements and MD&A for its most recently completed financial year prior to the completion of the Amalgamation Transaction ended July 31, 2020.

AUDIT COMMITTEE

In accordance with the requirements of National Instrument 52-110 *Audit Committees,* the Canadian Securities Administrators have issued guidelines on annual disclosure for venture issuers, as set out in Form 52-110F2, concerning the constitution of the Company's Audit Committee and the relationship with its independent auditors. The Company's approach to its Audit Committee is set forth below.

Audit Committee Charter

The Charter of the Company's Audit Committee is attached to this AIF as Schedule "A".

Composition of the Audit Committee

The following table sets forth the members of the Audit Committee as of the date of this AIF, their independence or non-independence and the basis for that determination, and whether or not they are financially literate:

Name	Independent (1)	Financially Literate (2)
LENDON, Maura	Yes	Yes
PENIUK, Dale - Chairman	Yes	Yes
RECALDE, Andres	Yes	Yes

Notes:

1. Individuals who are, or have been within the last three years, an employee or executive officer of the Company, are considered to have or have had, a material relationship with the Company, therefore these individuals do not satisfy the meaning of independence as set forth in section 1.4 of National Instrument 52-110 *Audit Committees.*
2. Individuals are financially literate if they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Each member of the Audit Committee brings unique education and experience relevant to the performance of their responsibilities and duties as an Audit Committee member. This includes, but is not limited to, an understanding of the accounting principles used by the Company to prepare its financial statements; the ability to assess the general application of accounting principles in connection with the accounting for estimates, accruals and provisions; experience preparing, auditing, analyzing or evaluating financial statements covering a breadth and level of complexity relative to the Company or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

The following sets forth the relevant education and experience of the members of the Audit Committee:

Name	Education	Experience
LENDON, Maura	Master of Laws from Osgoode Hall Law School (2000), a Master of Business Administration from the Richard Ivey School of Business (1988) and a Bachelor of Laws from University of Western Ontario (1984).	Founder and Chief General Counsel of Scalable General Counsel, providing general counsel services to growing companies since 2019; director of Revival Gold Inc.; and was a director of Eastmain Resources Inc. from 2018 to 2020. Previously, she was Chief General Counsel and Corporate Secretary of Primero Mining from 2012 to 2018. Ms. Lendon was Senior Vice President, Corporate Services, Chief Legal Officer and Corporate Secretary of Hudbay Minerals from 2008 to 2011, and prior to that was Chief Counsel, Canada and Chief Privacy Officer (Canada) of AT&T. Ms. Lendon is a graduate of the Institute of Corporate Directors – Rotman School of Management Directors Education Program (2011) and has previously served on other not-for-profit and public boards.
PENIUK, Dale	B.Comm, University of British Columbia (1982) and Chartered Accountant designation (now CPA, CA) from the Institute of Chartered Accountants of British Columbia (now the Chartered Professional Accountants of British Columbia) (1986)	Chartered Professional Accountant (CPA, CA) including more than 20 years with KPMG LLP and predecessor firms, the last ten years as an Assurance Partner with a focus on mining companies. In addition to the Company, he is presently a director and audit committee chair of Lundin Mining Corporation, Capstone Mining Corp. and Argonaut Gold Inc., and has been the audit committee chair of a number of other reporting issuers since 2006.
RECALDE, Andres	Certificate in Corporate Social Responsibility from Harvard University (2012) and a Master of Business Administration with a specialization in International Economic Development from Eastern University in Philadelphia (1996)	Director of Mining for Common Good. His expertise is with social performance and building stakeholder confidence for the extractive industries. Mr. Recalde is Peruvian/Canadian and has worked extensively in Latin America as a consultant, advisor and corporate director to mining companies such as Barrick Gold, Pan American Silver and Torex Gold. Mr. Recalde is also actively involved as Past President of the Peruvian-Canadian Chamber of Commerce.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on:

(a) The exemption in Section 2.4 of NI 52-110 *(De Minimis Non-audit Services)*;

(b) the exemption in Subsection 6.1.1(4) *(Circumstance Affecting the Business or Operations of the Venture Issuer)*;

(c) the exemption in Subsection 6.1.1(5) *(Events Outside Control of Member)*;

(d) the exemption in Subsection 6.1.1(6) *(Death, Incapacity or Resignation)*; or

(e) an exemption from NI 52-110, in whole or in part, granted under Part 8 *(Exemption)*.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services as described below under the heading "External Auditor Service Fees (By Category)"; however, such engagement is within the mandate of the Audit Committee.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years ended July 31, 2020 and July 31, 2019 for audit, audit-related, tax and all other fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2020	$30,000	$6,000	$Nil	$Nil
2019	$33,000	$Nil	$Nil	$Nil

Note:

1. The amounts noted in the table above reflect the fees billed by D&Co to the Company, in each of fiscal years ended July 31, 2019 and July 31, 2020.

Exemption

As a “venture issuer”, the Company is relying on the exemption provided in Section 6.1 of NI 52-110.

ADDITIONAL DISCLOSURE

Please refer to the Company’s Form 51-102F5 Information Circular dated August 10, 2020 available for review on www.sedar.com for additional information relating to directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans provided in the Company’s information circular for its most recent annual meeting of securityholders that involved the election of directors.

SCHEDULE A - AUDIT COMMITTEE CHARTER OF KUYA SILVER CORPORATION

1. Mandate

The Audit Committee will be responsible for managing, on behalf of shareholders of the Kuya Silver Corporation (the "**Corporation**"), the relationship between the Corporation and the external auditors, and other matters of financial integrity, reporting and compliance with applicable laws. The Audit Committee's responsibilities are set out in detail in Section 4.

2. Membership of the Audit Committee

<u>Composition</u>

The audit committee will be comprised of at least three directors, or such other number as is required to satisfy the audit committee composition requirements of National Instrument 52-110, as amended from time to time. Each member will be a director of the Corporation.

<u>Independence</u>

The Audit Committee will be comprised of a number of independent directors required to enable the Corporation to satisfy:

(a) the independent director requirements for audit committee composition required by National Instrument 52-110, as amended from time to time, and

(b) the independent director requirements of the stock exchange on which the Corporation's shares are traded from time to time.

<u>Chair</u>

The Audit Committee shall select from its membership a chair. The position description of the chair is attached as Exhibit 1 hereto.

<u>Expertise of Audit Committee Members</u>

Each member of the Audit Committee must be financially literate. Financially literate means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Financial Expert

The Corporation will strive to include a financial expert on the Audit Committee. An Audit Committee financial expert means a person having: (i) an understanding of financial statements and accounting principles; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience in preparing, auditing, analyzing or evaluating financial statements that present a similar breadth and level of complexity as the Corporation's financial statements; (iv) an understanding of internal controls; and (v) an understanding of an Audit Committee's functions.

3. Meetings of the Audit Committee

The Audit Committee must meet in accordance with a schedule established each year by the board of directors, and at other times as the Audit Committee may determine. A quorum for transaction of business in any meeting of the Audit Committee is a majority of members. At least once a year, the Audit Committee must meet with the Corporation's chief financial officer and external auditors separately.

4. Responsibilities of the Audit Committee

The Audit Committee will be responsible for managing, on behalf of the shareholders of the Corporation, the relationship between the Corporation and the external auditors. In particular, the Audit Committee has the following responsibilities:

External Auditors

(a) the Audit Committee must recommend to the board of directors:

(i) the external auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit or review services for the Corporation; and

(ii) the compensation of the external auditors;

(b) the Audit Committee must be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;

(c) with respect to non-audit services:

(i) the Audit Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by its external auditors or the external auditors of the Corporation's subsidiaries; and

(ii) the Audit Committee must pre-approve all non-audit services provided to the Corporation or its subsidiaries by its external auditors or the external auditors of the Corporation's subsidiaries, except *de minimis* non-audit services as defined in applicable law.

(d) the Audit Committee must also:

(i) review the external auditors' proposed audit scope and approach;

(ii) review the performance of the external auditors; and

(iii) review and confirm the independence of the external auditors by obtaining statements from the external auditors on relationships between the external auditors and the Corporation, including non-audit services, and discussing the relationships with the external auditors;

Accounting Issues

(e) the Audit Committee must:

(i) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and,

(ii) ask management and the external auditors about significant risks and exposures and plans to minimize such risks.

Financial Statements, MD&A and Press Releases

(f) the Audit Committee must:

(i) review the Corporation's financial statements, MD&A and earnings press releases before the Corporation publicly discloses this information;

(ii) in reviewing the annual financial statements, determine whether they are complete and consistent with the information known to Audit Committee members, and assess whether the financial statements reflect appropriate accounting principles;

(iii) pay particular attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

(iv) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of impairment of mineral properties, plant and equipment, income taxes, reclamation provisions, litigation reserves and other commitments and contingencies;

(v) consider management's handling of proposed audit adjustments identified by the external auditors;

(vi) ensure that the external auditors communicate certain required matters to the Audit Committee;

(vii) be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure referred to in paragraph (f)(i) (above), and must periodically assess the adequacy of those procedures;

(viii) be briefed on how management develops and summarizes quarterly financial information, the extent to which the external auditors review quarterly financial information and whether that review is performed on a pre- or post-issuance basis;

(ix) meet with management, either telephonically or in person, to review the interim financial statements;

(x) to gain insight into the fairness of the interim financial statements and disclosures, the Audit Committee must obtain explanations from management on whether:

(a) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;

(b) changes in financial ratios and relationships in the interim financial statements are consistent with changes in the Corporation's operations and financing practices;

(c) generally accepted accounting principles have been consistently applied;

(d) there are any actual or proposed changes in accounting or financial reporting practices;

(e) there are any significant or unusual events or transactions;

(f) the Corporation's financial and operating controls are functioning effectively;

(g) the Corporation has complied with the terms of loan agreements or security indentures; and

(h) the interim financial statements contain adequate and appropriate disclosures;

Compliance with Laws and Regulations

(g) the Audit Committee must:

(i) periodically obtain updates from management regarding compliance with laws and regulations;

(ii) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;

(iii) review the findings of any examinations by regulatory agencies such as the British Columbia or Ontario Securities Commissions; and

(iv) review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements;

Employee Complaints

(h) the Audit Committee must establish procedures for:

(i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

Other Responsibilities

(i) the Audit Committee must:

(i) review and approve the Corporation's hiring policies of employees and former employees of the present and former external auditors of the Corporation;

(ii) evaluate whether management is setting the appropriate tone by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;

(iv) focus on the extent to which internal and external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of a systems breakdown;

(v) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management;

(vi) periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the board for approval;

(vii) review with management the policies and procedures with respect to approval of expense reimbursement requests that are submitted by the chief executive officer or the chief financial officer to the Corporation for payment;

(viii) assist the board to identify the principal risks of the Corporation's business and, with management, establish systems and procedures to ensure that these risks are monitored; and

(ix) carry out other duties or responsibilities expressly delegated to the Audit Committee by the board.

5. Authority of the Audit Committee

The Audit Committee shall have the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the Audit Committee; and

(c) communicate directly with the internal and external auditors.

Exhibit 1 to Audit Committee Charter

Kuya Silver Corporation

(the “Corporation” or “Kuya”)

Position Description – Audit Committee Chair

The responsibilities of the Audit Committee chair include, among other things:

(a) Managing the affairs of the Audit Committee (the “Committee”) and monitoring its effectiveness;

(b) managing the meetings of the Committee by ensuring meaningful agendas are prepared and guiding deliberations of the Committee so that appropriate decisions and recommendations are made; and

(c) setting up agendas for meetings of the Committee and ensuring that all matters delegated to the Committee by the board are being dealt with at the Committee level during the course of the year.