

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1**

**Name and Address of Reporting Issuer:**

Kuya Silver Corporation (the "**Company**")  
401 - 217 Queen Street West  
Toronto, ON M5V 0R2

**Item 2**

**Date of Material Change:**

June 16, 2021

**Item 3**

**News Release:**

A news release was issued by the Company on June 16, 2021 and was filed on the Company's issuer profile on SEDAR.

**Item 4**

**Summary of Material Changes:**

On June 16, 2021, the Company announced it completed the previously announced bought deal private placement of units of the Company (the "**Units**").

**Item 5**

**Full Description of Material Change:**

On June 16, 2021, the Company announced that it had completed the its previously announced bought deal private placement at a price of \$1.90 per Unit (the "**Offering**"), which was led by Cormark Securities Inc. on behalf of a syndicate of underwriters (collectively the "**Underwriters**"). The Company sold an aggregate of 4,842,650 Units, which includes the full exercise of the Underwriters' option to purchase up to an additional 15% of the Units of the Offering for aggregate gross proceeds of \$9,201,035. Each Unit consists of one common share of the Company (a "**Common Share**") and one-half of one Common Share purchase warrant (each full warrant, a "**Warrant**"). Each Warrant entitles the holder to purchase one Common Share at an exercise price of \$2.60 for a period of 24 months following the closing of the Offering.

As consideration for the services provided by the Underwriters in connection with the Offering, the Company paid to the Underwriters a cash commission of \$507,662.52, being 6.0% of the aggregate gross proceeds from the sale of the Units and a reduced cash commission equal to 3.0% of the aggregate gross proceeds from the sale of the Units to subscribers on the President's List.

The net proceeds of the Offering shall be used for development activities at the Company's Bethania Project and for general working capital purposes.

All securities issued pursuant to the Offering are subject to a statutory hold period expiring four months and one day from closing of the Offering in accordance with applicable securities legislation.

The transaction constituted a related party transaction within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) as two insiders of the Company subscribed for an aggregate of 113,100 Units pursuant to the Offering.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

**(a) a description of the transaction and its material terms:**

In connection with the closing of the Offering, an aggregate of 113,100 Units were acquired by two insiders of the Company.

**(b) the purpose and business reasons for the transaction:**

The net proceeds of the Offering shall be used for development activities at the Company's Bethania Project and for general working capital purposes.

**(c) the anticipated effect of the transaction on the issuer’s business and affairs:**

The net proceeds of the Offering shall be used for development activities at the Company's Bethania Project and for general working capital purposes.

**(d) a description of:**

**(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:**

David Stein, a director and officer of the Company, subscribed for 100,000 Units of the Company.

H. Maura Lendon, a director of the Company, subscribed for 13,100 Units of the Company.

**(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:**

Prior to the completion of the Offering, Mr. Stein beneficially owned or controlled 9,327,914 Common Shares of the Company. Following completion of the Offering, Mr. Stein owns and controls 9,427,914 Common Shares, 50,000 Warrants, and 160,000 stock options, representing approximately 21.18% of the Company’s issued and outstanding Common Shares on a non-diluted basis. If Mr. Stein were to exercise all of his convertible securities, he would own and control an aggregate of

9,637,914 Common Shares, representing approximately 21.65% of the Company's then issued and outstanding Common Shares on a partially diluted basis.

Prior to the completion of the Offering, Ms. Lendon beneficially owned 12,000 Common Shares of the Company. Following completion of the Offering, Ms. Lendon owns and controls 25,100 Common Shares, 6,550 Warrants, and 80,000 stock options, representing approximately 0.06% of the Company's issued and outstanding Common Shares on a non-diluted basis. If Ms. Lendon were to exercise all of her convertible securities, she would own and control an aggregate of 111,650 Common Shares, representing approximately 0.25% of the Company's then issued and outstanding Common Shares on a partially diluted basis.

- (e) **unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

A resolution of the board of directors was passed in accordance with the *Business Corporations Act* (British Columbia) on May 25, 2021 approving the Offering. No special committee was established in connection with the Offering, and no materially contrary view or abstention was expressed or made by any director.

- (f) **A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

- (g) **disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) **that has been made in the 24 months before the date of the material change report:**

Not applicable.

- (ii) **the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

Not applicable.

- (h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Other than two subscription agreements to purchase the Units pursuant to the Offering, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Offering. To the Company's knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Offering.

- (i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the Offering by insiders does not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, which the Company deems reasonable in the circumstances in order to complete the Offering in an expeditious manner.

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102:**

Not applicable.

**Item 7 Omitted Information:**

Not applicable.

**Item 8 Executive Officer**

For further information, contact Leah Hodges, Corporate Secretary of the Company by telephone at (604) 398-4493.

**Item 9 Date of Report:**

June 24, 2021

## **Forward-Looking Information**

*This material change report contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information. More particularly and without limitation, this material change report contains forward-looking statements and information relating to the use of the net proceeds from the Offering, and other matters. The forward-looking statements and information are based on certain key expectations and assumptions made by management of the Company. Although management of the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information since no assurance can be given that they will prove to be correct.*

*Forward-looking statements and information are provided for the purpose of providing information about the current expectations and plans of management of the Company relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the Company's ability to raise further capital and the Company's ability to obtain regulatory and exchange approvals. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this material change report. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements and information contained in this material change report are made as of the date hereof and no undertaking is given to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements or information contained in this material change report are expressly qualified by this cautionary statement.*