



KUYA SILVER CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(Expressed in US Dollars)

(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

KUYA SILVER CORPORATION**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in US Dollars)

(Unaudited)

As at

	June 30, 2024	December 31, 2023
ASSETS		
Current		
Cash	\$ 2,849,674	\$ 2,650,187
Receivables	266,484	206,138
Prepays and advances	140,565	149,458
	3,256,723	3,005,783
Facilities and equipment (Note 4)	103,384	6,798
Exploration and evaluation assets (Note 5)	23,507,527	24,271,490
	\$ 26,867,634	\$ 27,284,071
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 6 and 9)	\$ 936,512	\$ 945,236
Flow-through share premium (Note 7)	479,423	48,492
	1,415,935	993,728
Reclamation provision (Note 5)	1,783,646	1,815,709
	3,199,581	2,809,437
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	46,900,408	44,177,779
Reserves (Notes 7 and 8)	572,869	1,507,806
Deficit	(23,805,224)	(21,210,951)
	23,668,053	24,474,634
	\$ 26,867,634	\$ 27,284,071

Nature of operations and going concern (Note 1)**Commitments and contingencies** (Note 15)

Approved on behalf of the board by:

/s/ "David Stein"
David Stein, Director

/s/ "Dale Peniuk"
Dale Peniuk, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

KUYA SILVER CORPORATION**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in US Dollars)

(Unaudited)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Property expenses				
Exploration and evaluation expenditures (Notes 5 and 10)	\$ 906,759	\$ 423,522	\$ 1,431,601	\$ 1,265,453
	906,759	423,522	1,431,601	1,265,453
Administrative expenses				
Administrative costs	25,847	10,053	53,212	20,034
Consulting fees (Note 10)	4,135	-	4,135	-
Directors' fees (Note 10)	24,652	25,153	49,666	50,068
Filing fees	6,919	8,184	15,622	17,009
Management fees	15,345	15,638	30,914	31,164
Marketing and investor relations	63,445	27,970	158,940	67,811
Office and miscellaneous	23,087	107,967	102,295	194,320
Professional fees (Note 10)	78,538	57,019	146,655	123,303
Share-based compensation (Notes 8 and 10)	64,202	75,616	151,677	153,904
Shareholder communication	3,723	3,709	6,666	6,511
Transfer agent	5,831	3,015	7,707	5,818
Travel	70,884	22,342	143,480	50,377
Wages and benefits (Note 10)	160,933	174,315	314,559	386,531
	(547,541)	(530,981)	(1,185,528)	(1,106,850)
Operating loss	(1,454,300)	(954,503)	(2,617,129)	(2,372,303)
Accretion expense (Note 5)	(13,232)	(15,000)	(26,658)	(29,891)
Foreign exchange gain	3,387	33,533	424	17,232
Gain on settlement of accounts payable and accrued liabilities (Note 7)	-	-	-	13,440
Recognition of flow-through share premium (Note 7)	14,974	30,911	24,701	118,828
	5,129	49,444	(1,532)	119,609
Loss for the period	(1,449,171)	(905,059)	(2,618,661)	(2,252,694)
Other comprehensive income (loss)				
Item that may be reclassified subsequently to profit and loss				
Foreign currency translation adjustment	(224,022)	466,031	(749,525)	482,017
Comprehensive loss for the period	\$ (1,673,193)	\$ (439,028)	\$ (3,368,186)	\$ (1,770,677)
Loss per common share – basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	98,927,617	69,842,113	96,108,611	65,483,447

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

KUYA SILVER CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in US Dollars)

(Unaudited)

	Share Capital		Share-based reserves	Foreign currency translation reserves	Deficit	Total
	Number of shares	Amount				
December 31, 2022	58,831,801	\$ 37,200,411	\$ 2,212,430	\$ (992,917)	\$ (16,995,363)	\$ 21,424,561
Issuance of units for cash	6,686,888	1,340,132	-	-	-	1,340,132
Share issue costs	-	(42,581)	21,396	-	-	(21,185)
Issuance of common shares on acquisition of exploration and evaluation assets	4,369,370	1,057,491	-	-	-	1,057,491
Issuance of common shares on exercise of options	200	250	(114)	-	-	136
Issuance of common shares on settlement of accounts payable and accrued liabilities	405,405	94,139	-	-	-	94,139
Issuance of common shares on settlement of restricted share units	150,000	65,895	(65,895)	-	-	-
Options forfeited or expired	-	-	(269,307)	-	269,307	-
Warrants expired	-	357,245	(357,245)	-	-	-
Share-based compensation	-	-	153,904	-	-	153,904
Foreign currency translation	-	-	-	482,017	-	482,017
Loss for the period	-	-	-	-	(2,252,694)	(2,252,694)
June 30, 2023	70,443,664	40,072,982	1,695,169	(510,900)	(18,978,750)	22,278,501
Issuance of units for cash	22,479,235	4,535,598	138,331	-	-	4,673,929
Flow-through share premium	-	(175,627)	-	-	-	(175,627)
Share issue costs	-	(256,578)	53,281	-	-	(203,297)
Warrants expired	-	1,404	(53,416)	-	52,012	-
Share-based compensation	-	-	163,021	-	-	238,637
Foreign currency translation	-	-	-	22,320	-	22,310
Loss for the period	-	-	-	-	(2,284,213)	(3,189,272)
December 31, 2023	92,922,899	\$ 44,177,779	\$ 1,996,386	\$ (488,580)	\$ (21,210,951)	\$ 24,474,634

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

KUYA SILVER CORPORATION**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (cont'd...)**

(Expressed in US Dollars)

(Unaudited)

	Share Capital		Share-based reserves	Foreign currency translation reserves	Deficit	Total
	Number of shares	Amount				
December 31, 2023	92,922,899	\$ 44,177,779	\$ 1,996,386	\$ (488,580)	\$ (21,210,951)	\$ 24,474,634
Issuance of units for cash (Note 7)	10,474,991	2,785,306	-	-	-	2,785,306
Flow-through share premium (Note 7)	-	(455,934)	-	-	-	(455,934)
Share issue costs (Note 7)	-	(95,745)	-	-	-	(95,745)
Issuance of common shares for share issue costs (Note 7)	267,907	70,353	-	-	-	70,353
Issuance of common shares on settlement of restricted share units (Notes 7 and 8)	437,500	130,677	(130,677)	-	-	-
Issuance of common shares on exercise of warrants (Note 7)	398,432	110,051	(4,103)	-	-	105,948
Options forfeited or expired (Note 8)	-	-	(22,817)	-	22,817	-
Warrants expired (Note 7)	-	177,921	(179,492)	-	1,571	-
Share-based compensation (Note 8)	-	-	151,677	-	-	151,677
Foreign currency translation	-	-	-	(749,525)	-	(749,525)
Loss for the period	-	-	-	-	(2,618,661)	(2,618,661)
June 30, 2024	104,501,729	\$ 46,900,408	\$ 1,810,974	\$ (1,238,105)	\$ (23,805,224)	\$ 23,668,053

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

KUYA SILVER CORPORATION**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in US Dollars)

(Unaudited)

	Six months ended June 30, 2024	Six months ended June 30, 2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Loss for the period	\$ (2,618,661)	\$ (2,252,694)
Adjust for items not involving cash:		
Depreciation	682	51,342
Accretion expense	26,658	29,891
Share-based compensation	151,677	153,904
Recognition of flow-through share premium	(24,701)	(118,828)
Unrealized foreign exchange (gain) loss	(107,853)	216,057
Gain on settlement of accounts payable and accrued liabilities	-	(13,440)
Gain on disposal of facilities and equipment	-	(2,477)
Change in non-cash working capital items:		
Receivables	(67,282)	(56,971)
Prepays and advances	4,217	208,596
Accounts payable and accrued liabilities	100,309	(222,274)
Net cash used in operating activities	(2,534,954)	(2,006,894)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Additions to facilities and equipment	(97,436)	-
Disposal of facilities and equipment	-	20,500
Payment for exploration and evaluation assets	-	(100,000)
Net cash used in investing activities	(97,436)	(79,500)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of share capital	2,891,254	1,340,268
Share issue costs	(65,462)	(21,185)
Net cash provided by financing activities	2,825,792	1,319,083
Change in cash	193,402	(767,311)
Effect of foreign exchange on cash	6,085	(1,873)
Cash, beginning of period	2,650,187	1,196,879
Cash, end of period	\$ 2,849,674	\$ 427,695

Supplemental cash flow information (Note 10)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

KUYA SILVER CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

(Unaudited)

JUNE 30, 2024

1. NATURE OF OPERATIONS AND GOING CONCERN

Kuya Silver Corporation (the “Company”) is a mineral exploration and development company with a focus on acquiring, exploring and advancing precious metal assets in Peru and Canada. During the six months ended June 30, 2024, the Company started working on moving the Bethania Silver Project towards development. However, as at June 30, 2024, the Company does not yet consider the project to be in development, as contemplated under IFRS Accounting Standards (“IFRS”).

The Company was incorporated on July 15, 2015 under the Business Corporations Act (British Columbia). The Company’s head office and principal address is located at 150 King Street West, Suite 200, Toronto, ON, M5J 1J9. The Company’s registered and records office is located at 40440 Thunderbird Ridge, Squamish, BC, V8B 0G1. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol KUYA.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company’s continuation as a going concern is dependent upon its ability to complete financings sufficient to meet current and future obligations, the successful results from its business activities, and its ability to operate profitably and generate funds. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Although the Company raised capital in previous and current reporting periods, through private placements of its common shares and exercise of warrants, additional funding will be required to continue current operations and further advance its existing exploration and evaluation assets in the upcoming 12 months. These factors indicate the existence of material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) applicable to interim financial reports, including International Accounting Standard 34, Interim Financial Reporting. They do not include all the information and note disclosures required by IFRS for annual financial statements and, therefore, should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2023, prepared in accordance with IFRS.

Approval of the consolidated financial statements

These condensed interim consolidated financial statements were authorized by the Board of Directors (“Board”) of the Company on August 27, 2024.

KUYA SILVER CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

(Unaudited)

JUNE 30, 2024

2. BASIS OF PRESENTATION (cont'd...)**Significant estimates**

The preparation of these condensed interim consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of compensatory options and warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

Estimated reclamation and closure costs

The Company's provision for reclamation and closure cost obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs directly attributable to remediating the liability, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting future cash outflows. Changes in the factors above can result in a change to the provision recognized by the Company. To the extent the carrying value of the related mining property is not increased above its recoverable amount, changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties.

Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are, but are not limited to, the following:

Carrying value and the recoverability of exploration and evaluation assets

Management has determined that expenditures incurred on exploration and evaluation assets which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities, and existing permits.

KUYA SILVER CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

(Unaudited)

JUNE 30, 2024

2. BASIS OF PRESENTATION (cont'd...)**Significant judgments (cont'd...)**Determination of functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment. The Company has determined the functional currency of each entity to be the Canadian dollar. Canadian dollars are represented by CAD \$.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Going concern

The Company has exercised judgment in determining whether its available funds are sufficient to continue operations for 12 months from the end of the reporting period.

3. MATERIAL ACCOUNTING POLICIES

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's consolidated financial statements for the year ended December 31, 2023, except as noted below.

Construction in progress

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

Changes to accounting policies

The following amendments to existing standards have been adopted by the Company commencing January 1, 2024:

KUYA SILVER CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

(Unaudited)

JUNE 30, 2024

3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Changes to accounting policies (cont'd...)

IAS 1, Presentation of Financial Statements

The amendments clarify the requirements for classifying liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. The adoption of these amendments did not materially impact the condensed interim consolidated financial statements of the Company.

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

A number of new standards and amendments to standards and interpretations have been issued by the IASB and are effective for annual periods beginning on or after January 1, 2025 which have not been applied in preparing these condensed interim consolidated financial statements as they are not yet effective. The standards and amendments to standards that would be applicable to the consolidated financial statements of the Company are the following:

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1; many of the existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its operating profit or loss.

The Company is currently assessing the impact of this new accounting standard on its financial statements.

KUYA SILVER CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

(Unaudited)

JUNE 30, 2024

4. FACILITIES AND EQUIPMENT

	Construction in progress	Facilities and leasehold improvements	Vehicles	Field equipment	Total
COST					
December 31, 2022	\$ -	\$ 235,280	\$ 25,750	\$ 11,093	\$ 272,123
Disposals	-	-	(25,750)	-	(25,750)
Adjustment on currency translation	-	5,221	-	246	5,467
December 31, 2023		240,501	-	11,339	251,840
Additions	97,436	-	-	-	97,436
Adjustment on currency translation	41	(7,570)	-	(356)	(7,885)
June 30, 2024	\$ 97,477	\$ 232,931	\$ -	\$ 10,983	\$ 341,391
ACCUMULATED DEPRECIATION					
December 31, 2022	\$ -	\$ 151,250	\$ 7,727	\$ 3,076	\$ 162,053
Disposals	-	-	(7,727)	-	(7,727)
Depreciation	-	84,301	-	1,371	85,672
Adjustment on currency translation	-	4,950	-	94	5,044
December 31, 2023	-	240,501	-	4,541	245,042
Depreciation	-	-	-	682	682
Adjustment on currency translation	-	(7,570)	-	(147)	(7,717)
June 30, 2024	\$ -	\$ 232,931	\$ -	\$ 5,076	\$ 238,007
NET BOOK VALUE					
December 31, 2023	\$ -	\$ -	\$ -	\$ 6,798	\$ 6,798
June 30, 2024	\$ 97,477	\$ -	\$ -	\$ 5,907	\$ 103,384

Construction in progress expenditures during the six months ended June 30, 2024 are related to capital costs incurred in connection with constructing a building for explosives at Bethania (Note 5). No depreciation is recorded on assets under construction. During the six months ended June 30, 2024, the Company disposed of vehicles for proceeds of \$nil (2023 - \$20,500). The resulting gain of \$nil (2023 - \$2,477) is included in operations and supplies in exploration and evaluation expenditures. Depreciation of facilities and equipment is included in operations and supplies in exploration and evaluation expenditures.

KUYA SILVER CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Unaudited)

JUNE 30, 2024

5. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets include assets in Peru and in Canada.

Project	Bethania Silver Project	Silver Kings Project	Total
December 31, 2022	\$ 17,117,026	\$ 5,708,695	\$ 22,825,721
Issuance of common shares	-	1,057,491	1,057,491
Reclamation provision adjustment	-	(139,970)	(139,970)
Adjustment on currency translation	379,899	148,349	528,248
December 31, 2023	17,496,925	6,774,565	24,271,490
Adjustment on currency translation	(550,729)	(213,234)	(763,963)
June 30, 2024	\$ 16,946,196	\$ 6,561,331	\$ 23,507,527

Bethania Silver Project, Peru

The Company's Bethania Silver Project consists of three properties in the same area of interest, Bethania, Carmelitas, and Tres Banderas.

Bethania

In fiscal 2020, the Company completed the acquisition of Minera Toro del Plata S.A.C. ("MTP"), whose principal asset is its interest in Bethania.

As at June 30, 2024, the Company has recorded a reclamation provision in the amount of \$48,788 (December 31, 2023 - \$51,811) as an estimate for potential future reclamation and rehabilitation obligations at Bethania, based on activities to date. The estimated costs to be incurred have been adjusted for inflation of 2% (December 31, 2023 - 2%) and then discounted using current market-based pre-tax discount rate of 5% (December 31, 2023 - 5%).

Carmelitas

In fiscal 2021, subsequently amended in fiscal 2022, the Company entered into agreements to acquire mining concessions located in the district of Acobambilla, department of Huancavelica, Peru, west of Bethania, known as the Carmelitas concessions. The Company completed the acquisition for a total purchase price of \$952,500, which consisted of making cash payments totalling \$552,500 and issuing 1,084,490 common shares, valued at \$399,910. The final payment of \$100,000 was paid in fiscal 2023.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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JUNE 30, 2024

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Bethania Silver Project, Peru (cont'd...)

Tres Banderas

The Company has contiguous mining concessions principally located in the district of Acobambilla, department of Huancavelica, Peru, surrounding the Bethania property, known as the Tres Banderas Concessions.

Silver Kings Project, Canada

The Company's Silver Kings Project is located in the Cobalt district of northeastern Ontario, Canada. Historically the Company referred to groups of properties as different projects including the Kerr Project and Silver Kings Joint Venture, due to different ownership interests; however, all these claims have now been consolidated under the 100%-owned (subject to a 2% royalty on net smelter returns on certain claims) Silver Kings Project.

Kerr Project

On February 26, 2021, the Company entered into a share purchase and option agreement (the "Purchase Agreement") with Electra Battery Metals Corporation ("Electra", formerly known as First Cobalt Corp.), a Canadian public company that owned certain silver mineral exploration assets (the "Kerr Assets"), located in the Cobalt, Ontario region.

As at June 30, 2024, the Company has recorded a reclamation provision in the amount of \$1,734,858 (December 31, 2023 - \$1,763,898) as an estimate for potential future reclamation and rehabilitation obligations on the Kerr Assets, based on the historical activities on the project to date. The estimated costs to be incurred have been adjusted for inflation of 2% (December 31, 2023 - 2%) and then discounted using current market-based pre-tax discount rate of 3.1% (December 31, 2023 - 3.1%). During the six months ended June 30, 2024, the Company recorded a change in estimate related to the reclamation provision of \$nil (year ended December 31, 2023 - \$139,970), which was recorded as decrease to exploration and evaluation assets. During the six months ended June 30, 2024, the Company recorded accretion related to the reclamation provision of \$26,658 (2023 - \$29,891), which was recorded as an increase to the reclamation provision on the statement of financial position, with an offsetting amount to accretion expense in profit and loss.

Silver Kings (formerly Silver Kings Joint Venture)

The Purchase Agreement with Electra also provided the Company with an option (the "Option") to acquire up to a 70% interest in Electra's remaining silver mineral assets (the "Remaining Assets") in the Cobalt, Ontario area and to form a joint venture. To fully exercise the Option, the Company was required to make cash payments totaling CAD \$2,000,000 and complete work commitments of CAD \$4,000,000 on or before September 1, 2024. The Purchase Agreement provides that the Company may issue an equivalent value in common shares of the Company at the 20-day volume-weighted average price in lieu of making the cash payments. In fiscal 2021, the Company issued 671,141 common shares to Electra, valued at \$771,916 (CAD \$973,154), in lieu of a CAD \$1,000,000 cash payment, under the Option.

KUYA SILVER CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Unaudited)

JUNE 30, 2024

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Silver Kings Project, Canada (cont'd...)**Silver Kings (formerly Silver Kings Joint Venture) (cont'd...)

In fiscal 2022, the Company and Electra amended the Purchase Agreement and Option to provide the Company with the right to acquire 100% of the Remaining Assets. To fully exercise the amended Option, the Company was required to make an additional cash payment of CAD \$1,000,000 by January 31, 2023. In fiscal 2023, the Company issued 2,702,703 common shares to Electra, valued at \$627,594 (CAD \$837,838), in lieu of the CAD \$1,000,000 cash payment, under the Option and acquired 100% of the Remaining Assets. The Company granted a 2% royalty on net smelter returns from commercial production on the Remaining Assets.

In fiscal 2023, the Company entered into a settlement agreement with Canadian Silver Hunter Inc. ("CSH") and Cobalt Projects International Corp. (a subsidiary of Electra, "CPIC"), which settles a dispute (the "Dispute") between CSH and CPIC regarding certain mineral properties previously optioned by CPIC from CSH. The Dispute was transferred to the Company upon the Silver Kings Joint Venture amended Purchase Agreement and Option. To settle the Dispute and acquire CSH's interest in the mineral properties, the Company issued 1,666,667 common shares to CSH, valued at \$429,897 (CAD \$591,667), and obtained a 100% interest in the mineral properties associated with the Dispute. In connection with settling the Dispute, the Company also entered into an agreement with CSH granting CSH a 2% royalty on net smelter returns from commercial production on the related mineral properties.

Sunrise Claims

Starting in fiscal 2021, the Company acquired, primarily through claim-staking, additional mining claims in the Cobalt mining district. These claims are collectively referred to as the Sunrise Claims.

KUYA SILVER CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

(Unaudited)

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5. EXPLORATION AND EVALUATION ASSETS (cont'd...)Exploration and evaluation expenditures

Exploration and evaluation expenditures for the six months ended June 30, 2024 are as follows:

Project	Bethania Silver Project	Silver Kings Project	Total
Civil works and engineering	\$ 39,251	\$ 23,667	\$ 62,918
Geology and drilling	-	30,549	30,549
Mine rehabilitation	770,809	-	770,809
Operations and supplies	79,372	37,509	116,881
Property maintenance, licences and rights	11,696	12,271	23,967
Safety and environment	3,184	6,601	9,785
Value-added tax	112,224	-	112,224
Wages and benefits	170,768	133,700	304,468
Total	\$ 1,187,304	\$ 244,297	\$ 1,431,601

Exploration and evaluation expenditures for six months ended June 30, 2023 are as follows:

Project	Bethania Silver Project	Silver Kings Project	Total
Civil works and engineering	\$ 38,927	\$ 152,185	\$ 191,112
Geology and drilling	15,108	446,206	461,314
Operations and supplies	114,045	71,478	185,523
Property maintenance, licences and rights	35,980	-	35,980
Safety and environment	36,650	2,666	39,316
Value-added tax	66,617	-	66,617
Wages and benefits	106,584	179,007	285,591
Total	\$ 413,911	\$ 851,542	\$ 1,265,453

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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June		December
	30, 2024		31, 2023
Accounts payable	\$ 927,738	\$	888,100
Accrued liabilities	8,774		57,136
	\$ 936,512	\$	945,236

7. SHARE CAPITAL**Authorized share capital**

The Company's authorized capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at June 30, 2024, the Company had not issued any preferred shares.

Issued share capital

During the year ended December 31, 2023, the Company issued:

- a) 6,686,888 units at a price of CAD \$0.27 per unit by way of a non-brokered private placement that closed in two tranches, for total proceeds of \$1,340,132 (CAD \$1,805,460). Each unit consisted of one common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD \$0.50 per common share for a period of two years from the date of issue. The 3,343,444 warrants were valued at \$nil, calculated using the residual value method. The Company paid a total of \$21,185 for finders' fees and issued 105,644 finders' warrants in connection with this private placement. Each finder's warrant entitles the holder to acquire one common share at a price of CAD \$0.50 per common share for a period of two years from the date of issue. The finders' warrants were valued at \$21,396, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 3.73%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 88%;
- b) 2,920,219 units at a price of CAD \$0.44 per unit by way of a non-brokered private placement for total proceeds of \$975,550 (CAD \$1,284,896). Each unit consisted of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant entitles the holder to acquire one non-flow-through common share at a price of CAD \$0.60 per common share for a period of one and one half years from the date of issue. The flow-through shares were issued at a premium of \$133,029. The 1,460,109 warrants were valued at \$nil, using the residual value method. The Company paid a total of \$52,521 for finders' fees and issued 157,213 finders' warrants in connection with this private placement. Each finder's warrant entitles the holder to acquire one non-flow-through common share at a price of CAD \$0.44 per common share for a period of one and one half years from the date of issue. The finders' warrants were valued at \$19,133, calculated using the Black-Scholes option pricing model assuming a life expectancy of one and one half years, a risk-free interest rate of 4.62%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 96%;

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7. SHARE CAPITAL (cont'd...)**Issued share capital (cont'd...)**

- c) 2,781,300 units at a price of CAD \$0.27 per unit by way of a non-brokered private placement that closed in two tranches, for total proceeds of \$554,066 (CAD \$750,951). Each unit consisted of one common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD \$0.50 per common share for a period of two years from the date of issue. The 1,390,650 warrants were valued at \$30,781, calculated using the residual value method. The Company paid a total of \$11,190 for finders' fees and issued 56,100 finders' warrants in connection with this private placement. Each finder's warrant entitles the holder to acquire one common share at a price of CAD \$0.50 per common share for a period of two years from the date of issue. The finders' warrants were valued at \$3,613, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 4.72%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 93%;
- d) 15,169,716 units at a price of CAD \$0.25 per unit by way of a non-brokered private placement that closed in two tranches, for total proceeds of \$2,803,532 (CAD \$3,792,429). Each unit consisted of one common share and one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD \$0.37 per common share for a period of two years from the date of issue. The 15,169,716 warrants were valued at \$107,550, calculated using the residual value method. The Company paid a total of \$119,139 for finders' fees and issued 434,940 finders' warrants in connection with this private placement. Each finder's warrant entitles the holder to acquire one common share at a price of CAD \$0.25 per common share for a period of two years from the date of issue. The finders' warrants were valued at \$30,535, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 4.14%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 93%;
- e) 1,608,000 units at a price of CAD \$0.28 per unit by way of a non-brokered private placement for total proceeds of \$340,781 (CAD \$450,240). Each unit consisted of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant entitles the holder to acquire one non-flow-through common share at a price of CAD \$0.37 per common share for a period of two years from the date of issue. The flow-through shares were issued at a premium of \$42,598. The 804,000 warrants were valued at \$nil, calculated using the residual value method. The Company paid a total of \$20,447 for fees;
- f) 2,702,703 common shares, valued at \$627,594, pursuant to the amended Option on the Silver Kings Project (Note 5);
- g) 1,666,667 common shares, valued at \$429,897, pursuant to the Dispute on the Silver Kings Project (Note 5);
- h) 200 common shares, for proceeds of \$136, on the exercise of options;
- i) 405,405 common shares, valued at \$94,139, on settlement of CAD \$150,000, recorded in accounts payable and accrued liabilities, which resulted in a gain of \$13,440, recorded as a gain on settlement of accounts payable and accrued liabilities; and
- j) 150,000 common shares, valued at \$65,895, for settlement of vested restricted share units ("RSUs").

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7. SHARE CAPITAL (cont'd...)**Issued share capital (cont'd...)**

During the six months ended June 30, 2024, the Company issued:

- a) 5,266,324 units at a price of CAD \$0.25 per unit by way of a non-brokered private placement, for total proceeds of \$961,570 (CAD \$1,316,581). Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of CAD \$0.37 per common share for a period of two years from the date of issue. The 5,266,324 warrants were valued at \$nil, calculated using the residual value method;
- b) 5,208,667 units at a price of CAD \$0.48 per unit by way of a non-brokered private placement for total proceeds of \$1,823,736 (CAD \$2,500,160). Each unit consisted of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant entitles the holder to acquire one non-flow-through common share at a price of CAD \$0.64 per common share for a period of two years from the date of issue. The flow-through shares were issued at a premium of \$455,934. The 2,604,333 warrants were valued at \$nil, using the residual value method. The Company paid a total of \$25,392 for finders' fees and issued 267,907 non-flow-through common shares to a finder in connection with this private placement. The finder's common shares were valued at \$70,353;
- c) 398,432 common shares, for proceeds of \$105,948, on the exercise of warrants; and
- d) 437,500 common shares, valued at \$130,677, for settlement of vested RSUs (Note 8).

Flow-through share premium

The flow-through share premium consists of the excess of the subscription price of the flow-through shares over the fair value of the shares without the flow-through feature at the time of issuance, which is recognized in profit or loss, on a pro-rata basis, as the flow-through share funds are spent on qualifying exploration expenditures.

	Total
Balance as at December 31, 2022	\$ 118,269
Flow-through share premium additions	175,627
Recognition of flow-through share premium	(242,573)
Adjustment on currency translation	(2,831)
Balance as at December 31, 2023	48,492
Flow-through share premium additions	455,934
Recognition of flow-through share premium	(24,701)
Adjustment on currency translation	(302)
Balance as at June 30, 2024	\$ 479,423

The flow-through share premium balance relates to the CAD \$2,745,576 (\$2,007,411) of remaining flow-through funds obligated to be incurred (Note 15).

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7. SHARE CAPITAL (cont'd...)**Share purchase warrants**

During the six months ended June 30, 2024, 398,432 (2023 - nil) share purchase warrants were exercised; accordingly, the \$4,103 (2023 - \$nil) fair value associated with the warrants exercised was reclassified from reserves to share capital.

During the six months ended June 30, 2024, 415,166 (2023 - 2,421,325) share purchase warrants expired unexercised; accordingly, the \$179,492 (2023 - \$357,245) issue-date fair value associated with the warrants was reclassified as follows: \$177,921 (2023 - \$357,245) was reclassified from reserves to share capital for warrants associated with a private placement; and \$1,571 (2023 - \$nil) was reclassified from reserves to deficit for warrants associated with settlement of debt.

The continuity of share purchase warrants of the Company was as follows:

	Number of warrants		Weighted average exercise price (in CAD)
Balance as at December 31, 2022	14,005,188	\$	1.03
Issued	22,921,816		0.41
Expired	(2,871,325)		2.27
Balance as at December 31, 2023	34,055,679		0.51
Issued	7,870,657		0.46
Exercised	(398,432)		0.36
Expired	(415,166)		1.20
Balance as at June 30, 2024	41,112,738	\$	0.49

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7. SHARE CAPITAL (cont'd...)**Share purchase warrants (cont'd...)**

As at June 30, 2024, the Company had outstanding share purchase warrants enabling the holder to acquire common shares as follows:

Number of share purchase warrants	Exercise price (in CAD)	Weighted average remaining life (years)	Expiry date
422,280	\$ 0.45	0.11	August 9, 2024
1,460,109	\$ 0.60	0.56	January 20, 2025
157,213	\$ 0.44	0.56	January 20, 2025
841,036	\$ 0.50	0.76	April 3, 2025
2,608,052	\$ 0.50	0.78	April 11, 2025
1,231,950	\$ 0.50	1.15	August 24, 2025
214,800	\$ 0.50	1.17	August 31, 2025
1,248,716	\$ 0.37	1.44	December 7, 2025
9,969,000	\$ 0.37	1.44	December 8, 2025
416,508	\$ 0.25	1.44	December 8, 2025
529,070	\$ 0.70	1.44	December 9, 2025
3,572,000	\$ 0.37	1.47	December 20, 2025
2,729,347	\$ 0.70	1.48	December 21, 2025
804,000	\$ 0.37	1.50	December 28, 2025
5,266,324	\$ 0.37	1.78	April 11, 2026
2,604,333	\$ 0.64	1.97	June 19, 2026
7,038,000	\$ 0.70	3.11	August 9, 2027
41,112,738			

Finder's units

The continuity of finder's units of the Company was as follows:

	Number of finder's units	Weighted average exercise price (in CAD)
Balance as at December 31, 2022	13,395	\$ 0.43
Expired	(13,395)	0.43
Balance as at December 31, 2023 and June 30, 2024	-	\$ -

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8. SHARE-BASED COMPENSATION

The Company's equity incentive plan (the "Plan") provides for the grant of awards ("Awards") that enable the acquisition of common shares of the Company. Awards include stock options, RSUs, and performance share units ("PSUs"). The purpose of the Plan is to attract, retain and motivate directors, officers, employees and external service providers by providing them with the opportunity to acquire a proprietary interest in the Company. The options are equity-settled awards, while the RSUs and PSUs can be cash-settled or equity-settled awards as determined by the Company's Board or a committee thereof ("Committee"), at the time of grant. The maximum number of common shares that may be issued pursuant to Awards under this Plan shall be determined from time to time but shall not together with any other share compensation arrangement adopted by the Company in the aggregate exceed 10% of the outstanding common shares of the Company.

Stock options

The Company has a shareholder-approved rolling stock option plan under which the Committee appointed by the Board to administer the Plan may, from time to time in its discretion, grant options to acquire common shares of the Company to its directors, officers, employees, consultants and advisors with an expiry date of a maximum of five years from the date of grant. The exercise price of each option is determined by the Committee but shall not be less than the greater of the fair market value on the trading day prior to the date of grant and the date of grant. At the time of grant, the Committee may determine when an option will become exercisable, subject to the rules of the CSE. The vesting schedule of the options is determined at the discretion of the Committee, but generally vest equally over a three-year period, starting on the date of grant and the first and second anniversaries of date of grant, provided that the participant's termination date does not occur prior to the applicable vesting date.

During the six months ended June 30, 2024, the Company granted 812,500 (2023 - 550,000) stock options with a fair value of \$96,498 (2023 - \$94,603) using the Black-Scholes option pricing model assuming a life expectancy of 5 years (2023 - 5 years), a risk-free interest rate of 3.48% (2023 - 2.88%), a forfeiture rate of nil (2023 - nil), and volatility of 89% (2023 - 87%).

During the six months ended June 30, 2024, the Company expensed \$66,113 (2023 - \$84,377) for the fair value of options, which was recorded in share-based compensation.

During the six months ended June 30, 2024, nil (2023 - 200) incentive stock options were exercised; accordingly, the \$nil (2023 - \$114) fair value associated with the options exercised was reclassified from reserves to share capital.

During the six months ended June 30, 2024, 62,500 (2023 - 476,667) incentive stock options were forfeited or expired; accordingly, the \$22,817 (2023 - \$269,307) fair value associated with the options was reclassified from reserves to deficit.

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8. SHARE-BASED COMPENSATION (cont'd...)**Stock options (cont'd...)**

The continuity of option transactions of the Company was as follows:

	Number of options		Weighted average exercise price (in CAD)
Balance as at December 31, 2022	2,286,667	\$	1.33
Granted	800,000		0.39
Exercised	(200)		0.90
Forfeited / expired	(476,667)		2.21
Balance as at December 31, 2023	2,609,800		0.88
Granted	812,500		0.25
Forfeited / expired	(62,500)		4.15
Balance as at June 30, 2024	3,359,800	\$	0.66
Exercisable as at June 30, 2024	2,384,800	\$	0.80

As at June 30, 2024, the Company had outstanding options enabling the holder to acquire common shares as follows:

Number of options	Number of exercisable options	Exercise price (in CAD)	Weighted average remaining life (years)	Expiry date
769,800	769,800	\$ 0.90	1.25	October 1, 2025
45,000	45,000	\$ 1.55	1.98	June 24, 2026
180,000	180,000	\$ 1.90	1.98	June 24, 2026
502,500	502,500	\$ 0.94	2.59	January 31, 2027
250,000	166,667	\$ 0.57	3.14	August 19, 2027
550,000	366,667	\$ 0.34	3.57	January 25, 2028
250,000	83,333	\$ 0.48	4.09	July 31, 2028
812,500	270,833	\$ 0.25	4.60	February 2, 2029
3,359,800	2,384,800			

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8. SHARE-BASED COMPENSATION (cont'd...)**Restricted share units and performance share units**

During the six months ended June 30, 2024, the Company granted 812,500 (2023 - 650,000) RSUs with a fair value of \$138,549 (2023 - \$162,585), which vest over a period of up to two years.

The Plan also provides the Company with the ability to grant PSUs. The vesting requirements for PSUs are based on certain performance criteria over the vesting period established by the Committee. The number of PSUs that vest is determined by multiplying the number of PSUs granted by an adjustment factor, which ranges from 0% to 200%, based on performance results. As at June 30, 2024, the Company had not granted any PSUs.

During the six months ended June 30, 2024, the Company expensed \$85,564 (2023 - \$69,527) for the fair value of RSUs, which was recorded in share-based compensation.

The continuity of RSUs transactions of the Company was as follows:

	Number of RSUs
Balance as at December 31, 2022	275,000
Granted	650,000
Cancelled	(12,500)
Settled	(150,000)
Balance as at December 31, 2023	762,500
Granted	812,500
Settled	(437,500)
Balance as at June 30, 2024	1,137,500

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9. RELATED PARTY TRANSACTIONS

The Company considers key management personnel to consist of its directors and officers. The following expenses were incurred in transactions with key management personnel and their spouses:

	Six months ended June 30, 2024	Six months ended June 30, 2023
Directors' fees	\$ 47,843	\$ 48,230
Professional fees	31,745	54,339
Share-based compensation	110,640	134,553
Wages and benefits	212,486	212,150
	\$ 402,714	\$ 449,272

During the six months ended June 30, 2024, administrative and exploration and evaluation expenditures of \$38,449 (June 30, 2023 - \$45,289) were paid or accrued to a related entity, which provides engineering and subcontractor services for the Bethania Silver Project. As at June 30, 2024, included in accounts payable and accrued liabilities was \$7,562 (December 31, 2023 - \$nil) owing to this entity.

As at June 30, 2024, included in accounts payable and accrued liabilities was \$39,511 (December 31, 2023 - \$31,049) owing to officers and directors.

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10. SUPPLEMENTAL CASH FLOW INFORMATION

The significant non-cash financing and investing activities are as follows:

	Six months ended June 30, 2024		Six months ended June 30, 2023	
Shares issued on acquisition of exploration and evaluation assets	\$	-	\$	1,057,491
Shares issued for settlement of accounts payable and accrued liabilities	\$	-	\$	94,139
Shares issued for share issue costs	\$	70,353	\$	-
Finders' warrants issued for share issue costs	\$	-	\$	21,396
Flow-through share premium	\$	455,934	\$	-
Reclassification of reserves to share capital on exercise of options	\$	-	\$	114
Reclassification of reserves to share capital on exercise of warrants	\$	4,103	\$	-
Shares issued for settlement of RSUs	\$	130,677	\$	65,895
Reclassification of reserves to deficit on expiry of options	\$	22,817	\$	269,307
Reclassification of reserves to share capital on expiry of warrants	\$	177,921	\$	357,245
Reclassification of reserves to deficit on expiry of warrants	\$	1,571	\$	-

11. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment being the acquisition and exploration of exploration and evaluation assets located in Canada and Peru. The below information is presented after intercompany eliminations; the net impact of foreign exchange is presented in Canada. Geographic information is as follows:

	Canada		Peru		Total	
As at June 30, 2024						
Exploration and evaluation assets	\$	6,561,331	\$	16,946,196	\$	23,507,527
Other assets		2,995,903		364,204		3,360,107
Total assets	\$	9,557,234	\$	17,310,400	\$	26,867,634
For the three months ended June 30, 2024						
Loss	\$	(574,706)	\$	(874,465)	\$	(1,449,171)
For the six months ended June 30, 2024						
Loss	\$	(1,161,735)	\$	(1,456,926)	\$	(2,618,661)

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11. SEGMENTED INFORMATION (cont'd...)

	Canada		Peru		Total
As at December 31, 2023					
Exploration and evaluation assets	\$ 6,774,565	\$	17,496,925	\$	24,271,490
Other assets	2,886,689		125,892		3,012,581
Total assets	\$ 9,661,254	\$	17,622,817	\$	27,284,071
For the three months ended June 30, 2023					
Loss	\$ (885,136)	\$	(19,923)	\$	(905,059)
For the six months ended June 30, 2023					
Loss	\$ (1,825,653)	\$	(427,041)	\$	(2,252,694)

12. FINANCIAL INSTRUMENT RISKS

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at June 30, 2024, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to its liquid financial assets, being cash and receivables. The Company's primary bank accounts are held with a major Canadian bank and funds are transferred to the subsidiary's foreign bank accounts as required to cover current expenditures, minimizing the risk to the Company. Receivables are primarily due from a government agency.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. Additional funds are required to continue current operations for the upcoming twelve months (Note 1).

Market risk

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

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12. FINANCIAL INSTRUMENT RISKS (cont'd...)**Market risk (cont'd...)**Foreign currency exchange risk

This risk relates to any changes in foreign currencies in which the Company transacts. The Company incurs costs for goods and services denominated in currencies other than the presentation currency and is subject to foreign currency risk on assets and liabilities denominated in currencies other than the United States dollar. The effect of a 10% change in the foreign exchange rate on monetary balances held in United States dollar and Peruvian soles accounts would be approximately \$43,000 recorded in profit or loss for the six months ended June 30, 2024. The effect of a 10% change in the foreign exchange rate on monetary balances held in CAD \$ and Peruvian soles accounts would be approximately \$304,000 recorded in other comprehensive income or loss for the six months ended June 30, 2024.

Interest rate risk

This risk relates to the change in the borrowing rates affecting the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% increase or decrease in the interest rates would have a nominal impact in interest income for the six months ended June 30, 2024.

Price risk

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

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

13. FAIR VALUE HIERARCHY

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

Level 1

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

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13. FAIR VALUE HIERARCHY (cont'd...)Level 2

Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3

Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of cash, receivables, accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these financial instruments.

14. CAPITAL MANAGEMENT

The Company defines capital as cash, debt, and the components of shareholders' equity. The Company's objectives when managing capital are to identify, pursue, and complete the exploration and development of its exploration and evaluation assets, to maintain financial strength, to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors. The Company does not have any externally imposed capital requirements. There has been no significant change in the Company's objectives, policies, and processes for managing its capital during the six months ended June 30, 2024.

15. COMMITMENTS AND CONTINGENCIES**Commitments**

During the six months ended June 30, 2024 and in fiscal 2023, the Company raised flow-through funds (Note 7) and agreed to use its commercially reasonable best efforts to incur qualifying exploration expenditures in Canada by December 31, 2025. As at June 30, 2024, the Company was obligated to incur CAD \$2,745,576 (\$2,007,411) in qualifying exploration expenditures.

KUYA SILVER CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

(Unaudited)

JUNE 30, 2024

15. COMMITMENTS AND CONTINGENCIES (cont'd...)**Contingencies**

The Company may be involved in legal proceedings arising in the ordinary course of business, including the actions described below. The potential amount of the liability with respect to such legal proceedings is not expected to materially affect the Company's financial position and results from operations. The Company has accordingly not accrued any amounts related to the litigations below (unless otherwise noted). The Company intends to vigorously defend these claims.

As at June 30, 2024, the Company has the following contingencies:

MTP withheld an accrued payment of \$140,000 due to Compañía Minera San Valentín S.A.C. ("San Valentin") and an arbitration was initiated by San Valentin against the Company before an arbitration panel. The Company was ordered to pay \$93,597 plus penalties, interest and legal fees to the courts per a judicial order in settlement for the \$140,000. In November 2021, the Company paid \$93,597 to the courts towards the settlement. San Valentin has not yet agreed to the settlement and has not collected the funds from the courts. There is currently \$46,403 included in accounts payable and accrued liabilities as at June 30, 2024 with respect to San Valentin for penalties, interest and legal fees.

In fiscal 2023, MTP received a first-instance court judgement ordering MTP to pay \$170,876 plus interest to Andes Consorcio Minera Del Peru S.A.C. ("ACOMIMPE"). ACOMIMPE had originally claimed \$1,167,835 relating to work performed prior to the Company's purchase of MTP in 2020. The Company has filed an appeal and is seeking to have this claim be declared unfounded. ACOMIMPE has also filed an appeal of this judgement which, combined with the Company's appeal, may result in a greater or lesser amount to be awarded. The outcome of this matter is not determinable at this time.