



**KUYA SILVER CORPORATION**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022**

**(Expressed in US Dollars)**

**(Unaudited)**

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

(Expressed in US Dollars)

(Unaudited)

As at

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 815,309	\$ 2,152,611
Receivables	179,154	155,145
Prepays and advances	135,365	129,009
	1,129,828	2,436,765
<b>Facilities and equipment</b> (Note 5)	206,369	231,863
<b>Exploration and evaluation assets</b> (Note 6)	24,850,471	24,473,974
	\$ 26,186,668	\$ 27,142,602
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Notes 7 and 9)	\$ 1,248,670	\$ 1,244,629
Obligation to issue shares (Note 6)	400,000	400,000
	1,648,670	1,644,629
<b>Reclamation provision</b> (Note 6)	2,162,210	2,114,555
	3,810,880	3,759,184
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	33,172,493	33,172,493
Reserves (Note 8)	2,118,772	1,546,716
Deficit	(12,915,477)	(11,335,791)
	22,775,788	23,383,418
	\$ 26,186,668	\$ 27,142,602

**Nature of operations and going concern** (Note 1)**Commitments and contingencies** (Note 14)**Subsequent events** (Notes 14 and 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)

	<b>Three months ended March 31, 2022</b>	<b>Three months ended March 31, 2021</b>
<b>Property expenses</b>		
Exploration and evaluation expenditures (Note 6)	\$ 644,867	\$ 212,628
	644,867	212,628
<b>Administrative expenses</b>		
Administrative costs	10,662	10,664
Consulting fees	-	69,408
Directors fees (Note 9)	24,056	24,515
Filing fees	7,389	6,768
Management fees (Note 9)	16,585	100,042
Marketing and investor relations	57,261	56,811
Office and miscellaneous	106,499	82,135
Professional fees (Note 9)	78,094	55,982
Share-based compensation (Notes 8 and 9)	229,664	58,485
Shareholder communication	2,922	790
Transfer agent	1,790	2,866
Travel	51,641	24,130
Wages and benefits	324,575	77,184
	(911,138)	(569,780)
<b>Operating loss</b>	<b>(1,556,005)</b>	<b>(782,408)</b>
Accretion expense (Note 6)	(12,372)	-
Foreign exchange loss	(11,309)	(125,765)
Interest income	-	5,266
	(23,681)	(120,499)
<b>Loss for the period</b>	<b>(1,579,686)</b>	<b>(902,907)</b>
<b>Other comprehensive income (loss)</b>		
<b>Item that may be reclassified subsequently to profit and loss</b>		
Foreign currency translation adjustment	342,392	242,794
<b>Comprehensive loss for the period</b>	<b>\$ (1,237,294)</b>	<b>\$ (660,113)</b>
<b>Loss per common share – basic and diluted</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>45,279,981</b>	<b>38,660,612</b>

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				
<b>December 31, 2020</b>	37,902,096	\$ 22,837,377	\$ 472,133	\$ 537,855	\$ (4,359,845)	\$ 19,487,520
Issuance of common shares on acquisition of CobalTech (Note 4)	1,437,470	2,668,079	-	-	-	2,668,079
Issuance of common shares on exercise of options (Note 8)	50,000	63,607	(28,430)	-	-	35,177
Issuance of common shares on exercise of performance warrants (Note 8)	276,624	85,016	(84,878)	-	-	138
Warrants expired (Note 8)	-	-	(100)	-	100	-
Share-based compensation (Note 8)	-	-	58,485	-	-	58,485
Foreign currency translation	-	-	-	242,794	-	242,794
Loss for the period	-	-	-	-	(902,907)	(902,907)
<b>March 31, 2021</b>	39,666,190	25,654,079	417,210	780,649	(5,262,652)	21,589,286
Issuance of common shares for cash (Note 8)	4,842,650	7,184,875	357,260	-	-	7,542,135
Share issue costs	-	(567,961)	-	-	-	(567,961)
Issuance of common shares on acquisition of exploration and evaluation assets (Note 6)	671,141	771,916	-	-	-	771,916
Issuance of common shares on exercise of options (Note 8)	100,000	129,584	(56,859)	-	-	72,725
Options forfeited or expired (Note 8)	-	-	(35,686)	-	35,686	-
Share-based compensation (Note 8)	-	-	465,185	-	-	465,185
Foreign currency translation	-	-	-	(381,043)	-	(381,043)
Loss for the period	-	-	-	-	(6,108,825)	(6,108,825)
<b>December 31, 2021</b>	45,279,981	33,172,493	1,147,110	399,606	(11,335,791)	23,383,418
Share-based compensation (Note 8)	-	-	229,664	-	-	229,664
Foreign currency translation	-	-	-	342,392	-	342,392
Loss for the period	-	-	-	-	(1,579,686)	(1,579,686)
<b>March 31, 2022</b>	45,279,981	\$ 33,172,493	\$ 1,376,774	\$ 741,998	\$ (12,915,477)	\$ 22,775,788

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)

	<b>Three months ended March 31, 2022</b>	<b>Three months ended March 31, 2021</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Loss for the period	\$ (1,579,686)	\$ (902,907)
Adjust for items not involving cash:		
Depreciation	28,700	366
Accretion expense	12,372	-
Share-based compensation	229,664	58,485
Unrealized foreign exchange loss (gain)	9,166	(84,411)
Change in non-cash working capital items:		
Receivables	(19,546)	(9,522)
Prepays and advances	(6,127)	(96,234)
Accounts payable and accrued liabilities	(11,898)	(298,194)
Net cash used in operating activities	(1,337,355)	(1,332,417)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Investment in CobalTech (Note 4)	-	(789,827)
Additions to facilities and equipment	-	(294,837)
Net cash used in investing activities	-	(1,084,664)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITY</b>		
Proceeds from issuance of share capital	-	35,315
Net cash provided by financing activity	-	35,315
Change in cash	(1,337,355)	(2,381,766)
Effect of foreign exchange on cash	53	129,231
<b>Cash, beginning of period</b>	<b>2,152,611</b>	<b>4,904,562</b>
<b>Cash, end of period</b>	<b>\$ 815,309</b>	<b>\$ 2,652,027</b>
<b>Supplemental cash flow information (Note 10)</b>		

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)

MARCH 31, 2022

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**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. 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 the previous and subsequent (Note 15) reporting periods through private placements of its common shares and exercise of stock options and 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. Since the declaration, the COVID-19 pandemic has adversely affected workforces, economies, and financial markets globally. The spread of COVID-19, as well as the Government efforts to curtail the spread of COVID-19 resulted in temporary travel restriction to Peru and office closures both in Peru and Canada, which made working more challenging, however, disruptions were minimal to our business in 2021 and 2022. The extent to which COVID-19 may impact the Company’s business and operations will depend on future developments that are highly uncertain and cannot be accurately estimated at this time, including new information which may emerge concerning the severity of and the actions required to contain COVID-19 or remedy its impact.

The Company’s operating costs, and capital costs are affected by the cost of commodities and goods such as fuel and supplies, which have been assumed to be available for purchase. It has also been assumed that the Company will have access to the required amount of sufficiently skilled labour as required for operations. Certain factors are outside the Company’s control and an increase in the costs of (due to inflation, impacts of the Russia and Ukraine conflict, or otherwise), or a lack of availability of, commodities, goods and labour may have an adverse impact on the Company’s financial condition and results of operations.

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

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**2. BASIS OF PRESENTATION****Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee. They do not include all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements, and, therefore, should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2021, prepared in accordance with IFRS as issued by the IASB.

**Approval of the consolidated financial statements**

These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on May 26, 2022.

**Basis of presentation**

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value.

**Functional and presentation currency**

The condensed interim financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, Kuya Silver Corporation, is the Canadian dollar, and the functional currency of each of the Company’s subsidiaries is the Canadian dollar. The presentation currency of the Company is the United States (“US”) dollar. Canadian dollars are represented by CAD \$.

**Principles of consolidation**

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities which the Company controls, either directly or indirectly, where control is defined as the power to govern an entity’s financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that may arise upon the exercise or conversion of non-voting securities are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and they are deconsolidated from the date on which control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

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

(Expressed in US Dollars)

(Unaudited)

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**2. BASIS OF PRESENTATION (cont'd...)****Principles of consolidation (cont'd...)**

Name of subsidiary	Country of incorporation	Percentage of ownership	Principal activity
CobalTech Mining Inc. ("CobalTech")	Canada	100%	Exploration in Canada
Kuya Silver Inc.	Canada	100%	Holding company
Puno Gold Corporation	Canada	100%	Holding company (inactive)
Minera Toro del Plata S.A.C. ("MTP")	Peru	100%	Exploration in Peru
Kuya Silver S.A.C.	Peru	100%	Holding company
Kuya Servicios Mineros S.A.C.	Peru	100%	Service company
Minera Puno Gold S.A.C.	Peru	100%	Exploration in Peru (inactive)
Kuya Silver Panama, S.A.	Panama	100%	Holding company (inactive)

**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 share-based compensation. 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.

Accounting for acquisitions

The determination of fair value as of the acquisition date requires management to make certain estimates about future events, including, but not restricted to, fair value of assets including acquired mineral reserves and resources and ore stockpiles, exploration potential, reclamation provisions, future operating costs and capital expenditures, future metal prices, long-term foreign exchange rates and discount rates as well as the determination of fair value of consideration provided.



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

(Expressed in US Dollars)

(Unaudited)

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

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.

Business combinations

Determination of whether a set of assets acquired, and liabilities assumed, constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The transaction with CobalTech was determined to constitute an acquisition of assets (Note 4).

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

(Expressed in US Dollars)

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

Classification of investments as subsidiaries, joint ventures, associated companies or portfolio investments

Classification of investments requires judgement as to whether the Company controls, has joint control of, or has significant influence over the strategic financial and operating decisions relating to the activities of the investee. In assessing the level of control or influence that the Company has over an investee, management considers ownership percentages of the securities of the investee, board representation of the investee as well as other relevant provisions in shareholder or other agreements. If an investor holds or has the ability to hold 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated.

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. SIGNIFICANT 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, 2021.

## KUYA SILVER CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

(Unaudited)

MARCH 31, 2022

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### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

#### **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, 2023 which have not been applied in preparing these consolidated financial statements as they are not yet effective. The standards and amendments to standards that would be applicable to the consolidated financial statements of the Company are the following:

#### *IAS 12, Income Taxes*

The amendments will require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning and restoration obligations related to assets in operation. This amendment is effective for financial statements beginning on or after January 1, 2023, with early adoption permitted.

While management does not currently anticipate these amendments having a material effect on the Company's consolidated financial statements for 2023, they may have an effect in periods beyond 2023.

### 4. ACQUISITION OF COBALTECH

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 north-eastern Ontario, Canada. On March 1, 2021, the transaction was completed, and the Company paid CAD \$1,000,000 (\$789,827) and issued a total of 1,437,470 common shares, at a value of \$2,668,079 or CAD \$2.35 (\$1.86) per share, for a total cost of \$3,457,906 for 100% of the issued and outstanding common shares and preferred shares of CobalTech. 1,000 class A shares were retained by Electra to facilitate the flow through share expenditure arrangements detailed below.

As part of the Purchase Agreement, Electra agreed to provide CobalTech with CAD \$500,000 at the time of closing, for the Company to utilize on flow-through eligible expenditures prior to December 31, 2021. In order to facilitate these flow-through expenditure arrangements, Electra subscribed for 1,000 Class A shares of CobalTech. On closing, Electra maintained ownership of the Class A shares, which granted Electra the ability to appoint a majority of the directors of CobalTech, until such time as the Class A shares are redeemed, as described below. Accordingly, the Company was not considered to have control over CobalTech and instead, was considered to have significant influence over the financial and operating decisions of CobalTech until the Class A shares are redeemed. The Company initially recorded its interest in CobalTech as an equity investment.

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

(Expressed in US Dollars)

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**4. ACQUISITION OF COBALTECH (cont'd...)**

The Class A shares were redeemable at the option of CobalTech at a price of CAD \$0.001 per Class A share. As a condition of the Purchase Agreement, the Class A shares could not be redeemed until CobalTech incurred CAD \$500,000 of flow through eligible expenditures on the mineral properties comprising the Kerr Assets described above. As at September 30, 2021, CobalTech incurred the CAD \$500,000 of flow-through eligible expenditures, renounced these flow-through eligible expenditures to Electra and redeemed the Class A shares. As a result, the Company obtained control and consolidated CobalTech effective September 30, 2021.

The Company's share of the equity loss of CobalTech from acquisition on March 1, 2021 until consolidation effective September 30, 2021 was \$208,172. A reconciliation of the equity investment for 2021 is as follows:

	<b>CobalTech</b>
Equity investment	
December 31, 2020	\$ -
Additions	3,457,906
Equity (loss) for the period from acquisition on March 1 to September 29, 2021	(208,172)
Adjustment on currency translation	(9,987)
Adjustment on consolidating CobalTech	(3,239,747)
<b>Total equity investment as at December 31, 2021</b>	<b>-</b>
Advances	
December 31, 2020	-
Additions	303,034
Adjustment on currency translation	(18,676)
Adjustment on consolidating CobalTech	(284,358)
<b>Total advances as at December 31, 2021</b>	<b>-</b>
<b>Total equity investment and advances as at December 31, 2021</b>	<b>\$ -</b>

Effective September 30, 2021, CobalTech redeemed the Class A shares held by Electra, thereby providing the Company with control over 100% of the issued and outstanding shares of CobalTech.

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

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**4. ACQUISITION OF COBALTECH (cont'd...)**

CobalTech did not meet the definition of a business for accounting purposes in accordance with IFRS 3. For accounting purposes, the transition from CobalTech being an equity investment to consolidating 100% of CobalTech into the consolidated financial statements of the Company was treated as an asset acquisition. As such, effective on the redemption of the class A shares, the fair value assigned to the identified assets acquired and liabilities assumed are presented below:

**Cost of acquisition:**

Equity investment	\$	3,239,747
Advances		284,358
	<b>\$</b>	<b>3,524,105</b>

**Allocated as follows:**

Cash	\$	7,555
Receivables		61,820
Prepays and advances		17,703
Exploration and evaluation assets		4,606,463
Accounts payable and accrued liabilities		(7,672)
Reclamation provision		(1,161,764)
	<b>\$</b>	<b>3,524,105</b>

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

(Expressed in US Dollars)

(Unaudited)

MARCH 31, 2022

**5. FACILITIES AND EQUIPMENT**

	Construction in progress	Facilities and leasehold improvements	Vehicles	Field equipment	Total
<b>COST</b>					
<b>December 31, 2020</b>	\$ -	\$ -	\$ -	\$ 11,789	\$ 11,789
Additions	253,464	-	28,521	-	281,985
Transfer	(253,464)	253,464	-	-	-
Adjustment on currency translation	-	(2,556)	(1,061)	41	(3,576)
<b>December 31, 2021</b>	-	250,908	27,460	11,830	290,198
Adjustment on currency translation	-	3,860	422	182	4,464
<b>March 31, 2022</b>	\$ -	\$ 254,768	\$ 27,882	\$ 12,012	\$ 294,662
<b>ACCUMULATED DEPRECIATION</b>					
<b>December 31, 2020</b>	\$ -	\$ -	\$ -	\$ 363	\$ 363
Depreciation	-	54,558	2,787	1,479	58,824
Adjustment on currency translation	-	(792)	(40)	(20)	(852)
<b>December 31, 2021</b>	-	53,766	2,747	1,822	58,335
Depreciation	-	26,957	1,377	366	28,700
Adjustment on currency translation	-	1,165	60	33	1,258
<b>March 31, 2022</b>	\$ -	\$ 81,888	\$ 4,184	\$ 2,221	\$ 88,293
<b>NET BOOK VALUE</b>					
<b>December 31, 2021</b>	\$ -	\$ 197,142	\$ 24,713	\$ 10,008	\$ 231,863
<b>March 31, 2022</b>	\$ -	\$ 172,880	\$ 23,698	\$ 9,791	\$ 206,369

Construction in progress was related to capital costs incurred in connection with constructing buildings and leasehold improvements at an exploration camp at Bethania. No depreciation is recorded on assets under construction. Construction of these facilities were considered completed as at June 30, 2021 and the associated costs were transferred to facilities and leasehold improvements. Depreciation is included in operations and supplies in exploration and evaluation expenditures.

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

(Expressed in US Dollars)

(Unaudited)

MARCH 31, 2022

**6. EXPLORATION AND EVALUATION ASSETS**

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

<b>Project</b>	<b>Bethania Silver Project</b>	<b>Kerr</b>	<b>Silver Kings JV</b>	<b>Total</b>
<b>December 31, 2020</b>	\$ 16,726,267	\$ -	\$ -	\$ 16,726,267
Additions	1,457,500	-	-	1,457,500
Additions from acquisition of CobalTech (Note 4)	-	4,606,463	-	4,606,463
Issuance of common shares	-	-	771,916	771,916
Reclamation provision adjustment	-	904,799	-	904,799
Adjustment on currency translation	8,079	4,440	(5,490)	7,029
<b>December 31, 2021</b>	<b>18,191,846</b>	<b>5,515,702</b>	<b>766,426</b>	<b>24,473,974</b>
Adjustment on currency translation	279,855	84,852	11,790	376,497
<b>March 31, 2022</b>	<b>\$ 18,471,701</b>	<b>\$ 5,600,554</b>	<b>\$ 778,216</b>	<b>\$ 24,850,471</b>

**Bethania Silver Project, Peru**

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

Bethania

In fiscal 2020, the Company completed the acquisition of MTP, whose principal asset is its interest in Bethania. The acquisition value attributed to Bethania was \$16,755,385.

As at March 31, 2022, the Company has recorded a reclamation provision in the amount of \$50,191 (December 31, 2021 - \$46,873) 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, 2021 - 2%) and then discounted using current market-based pre-tax discount rate of 5% (December 31, 2021 - 5%).

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**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Bethania Silver Project, Peru (cont'd...)**Carmelita

In fiscal 2021, the Company acquired mining concessions located in the district of Acobambilla, department of Huancavelica, Peru, west of Bethania, known as the Carmelita concessions for a total purchase price of \$892,500, consisting of \$492,500 in cash and \$400,000 in common shares. Upon signing of the agreements, \$293,500 was paid. The remaining \$199,000 was due on May 14, 2022 and the vendor has agreed to extend the due date to later in 2022. The \$400,000 in common shares in the capital of the Company is due to be issued on November 14, 2022 at a deemed price per common share equal to the 10-day average closing price of the common shares on the CSE, ending on the day prior to issuance.

The \$199,000 has been recorded in accounts payable and accrued liabilities (Note 7) and the \$400,000 in common shares has been reflected as an obligation to issue shares and classified as a liability since the obligation will be settled with a variable number of shares.

Tres Banderas

The Company has mining concessions located in the district of Acobambilla, department of Huancavelica, Peru, south of Bethania, known as the Tres Banderas Concessions. In fiscal 2021, the Company acquired additional concessions in the district via a sealed-bid auction for total cash payments of \$565,000.

**Kerr, Canada**

On September 30, 2021, the Company commenced consolidating CobalTech, whose principal asset was its interest in the Kerr Project. The acquisition value attributed to the project was \$4,606,463 (Note 4).

As at March 31, 2022, the Company has recorded a reclamation provision in the amount of \$2,112,019 (December 31, 2021 - \$2,067,682) as an estimate for potential future reclamation and rehabilitation obligations on Kerr, based on the historical activities on the project to date. The estimated costs to be incurred have been adjusted for inflation of 3% (December 31, 2021 - 2%) and then discounted using current market-based pre-tax discount rate of 2.4% (December 31, 2021 - 1.4%). Subsequent to the closing date of the acquisition of CobalTech in fiscal 2021, the Company recorded a change in estimate related to the reclamation provision of \$904,799, which was recorded as an increase to exploration and evaluation assets. During the three months ended March 31, 2022, the Company recorded accretion related to the reclamation provision of \$12,372 (2021 - \$nil), which was recorded as an increase to the reclamation provision, with an offsetting amount to accretion expense.

**Silver Kings JV, Canada**

The Purchase Agreement with Electra (Note 4) also provides 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.



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**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Silver Kings JV, Canada (cont'd...)**

In fiscal 2021, the Company issued 671,141 common shares to Electra, valued at \$771,916 (CAD \$973,154), for the initial earn-in payment under the Option. To fully exercise the Option, the Company must make cash payments totaling CAD \$2,000,000 and complete work commitments of CAD \$4,000,000, as follows:

	<b>Acquisition in cash (in CAD)</b>	<b>Work commitments (in CAD)</b>
Requirements on or before:		
September 1, 2021 ("Initial Earn-In") - completed	\$ 1,000,000	\$ -
September 1, 2022 (49% interest)	300,000	2,000,000
September 1, 2023 (additional 11% interest)	350,000	1,000,000
September 1, 2024 (additional 10% interest)	350,000	1,000,000
	<b>\$ 2,000,000</b>	<b>\$ 4,000,000</b>

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. Following the completion of the Initial Earn-In payment, the Company and Electra are negotiating the terms of a joint venture agreement for the joint exploration and development of the Remaining Assets.

Exploration and evaluation expenditures

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

<b>Project</b>	<b>Bethania Silver Project</b>		<b>Kerr</b>	<b>Silver Kings JV</b>		<b>Total</b>
Civil works and engineering	\$ 187,207	\$ -	\$ -	\$ -	\$ -	\$ 187,207
Geology and drilling	105,471	-	-	-	-	105,471
Operations and supplies	95,552	4,581	2,220	-	-	102,353
Property maintenance, licences and rights	4,808	6,595	-	-	-	11,403
Safety and environment	41,601	1,841	-	-	-	43,442
Value-added tax	65,649	-	-	-	-	65,649
Wages and benefits	94,466	14,287	20,589	-	-	129,342
<b>Total</b>	<b>\$ 594,754</b>	<b>\$ 27,304</b>	<b>\$ 22,809</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 644,867</b>

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

Exploration and evaluation expenditures for the three months ended March 31, 2021 are as follows:

<b>Project</b>	<b>Bethania Silver Project</b>	<b>Kerr<sup>(1)</sup></b>	<b>Silver Kings JV<sup>(2)</sup></b>	<b>Total</b>
Civil works and engineering	\$ 70,244	\$ -	\$ -	\$ 70,244
Geology and drilling	32,030	-	-	32,030
Operations and supplies	3,299	-	-	3,299
Property maintenance, licences and rights	10,616	-	-	10,616
Safety and environment	4,270	-	-	4,270
Value-added tax	38,298	-	-	38,298
Wages and benefits	53,871	-	-	53,871
<b>Total</b>	<b>\$ 212,628</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 212,628</b>

<sup>1)</sup> Exploration and evaluation expenditures incurred on Kerr until September 30, 2021 (date of consolidation of CobalTech) are not reflected in this table.

<sup>2)</sup> Following the Silver Kings JV Initial Earn-In payment on September 1, 2021, the Company started incurring exploration and evaluation expenditures on that project.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Accounts payable	\$ 988,894	\$ 877,286
Carmelita agreement (Note 6)	199,000	199,000
Accrued liabilities	60,776	168,343
	<b>\$ 1,248,670</b>	<b>\$ 1,244,629</b>

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**8. 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 March 31, 2022, the Company had not issued any preferred shares.

**Issued share capital**

	Shares outstanding	Share capital
Balance as at December 31, 2020	37,902,096	22,837,377
Issuance of common shares for cash by private placement	4,842,650	6,616,914
Issuance of common shares on acquisition of CobalTech (Note 4)	1,437,470	2,668,079
Issuance of common shares on acquisition of exploration and evaluation assets (Note 6)	671,141	771,916
Issuance of common shares on exercise of options	150,000	193,191
Issuance of common shares on exercise of performance warrants	276,624	85,016
<b>Balance as at December 31, 2021 and March 31, 2022</b>	<b>45,279,981</b>	<b>\$ 33,172,493</b>

During the year ended December 31, 2021, the Company issued:

- a) 4,842,650 units at a price of CAD \$1.90 per unit, on a "bought deal" private placement basis, for total proceeds of \$7,542,135 (CAD \$9,201,035). Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD \$2.60 per common share for a period of 24 months from the date of issue. The 2,421,325 warrants were valued at \$357,260. The Company paid a total of \$567,961 for fees and other share issue costs.
- b) 1,437,470 common shares, valued at \$2,668,079, pursuant to the acquisition of CobalTech (Note 4);
- c) 671,141 common shares, valued at \$771,916, pursuant to the acquisition of Silver Kings JV (Note 6);
- d) 150,000 common shares, for proceeds of \$107,902, on the exercise of options; and
- e) 276,624 common shares, for proceeds of \$138, on the exercise of performance warrants.

During the three months ended March 31, 2022, the Company did not issue any shares.

**Escrow shares**

On October 7, 2020, the Company entered into an escrow agreement pursuant to which 8,869,165 common shares were placed in escrow. These shares are subject to release in tranches over time; 10% of the securities were released on October 7, 2020 and the remaining escrowed securities will be released in six tranches of 15% every six months thereafter. As at March 31, 2022, there are 5,321,498 (December 31, 2021 - 5,321,498) shares held in escrow.

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**8. SHARE CAPITAL (cont'd...)****Stock options**

The Company has a shareholder-approved rolling stock option plan under which the Board of Directors (“Board”) 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. The number of shares reserved for issuance under the plan may not exceed 10% of the number of issued and outstanding common shares of the Company. The exercise price of each option is determined by the Board but shall not be less than the market price of the Company’s shares on the date prior to the date of grant less any discounts permitted by the CSE under its policies. The options may be granted for a maximum term of 10 years and are subject to such vesting provisions as may be determined by the Board.

During the three months ended March 31, 2022, the Company granted 577,500 (2021 - nil) stock options with a fair value of \$290,061 (2021 - \$nil) using the Black-Scholes option pricing model assuming a life expectancy of 5 years (2021 - nil years), a risk-free interest rate of 1.64% (2021 - nil%), a forfeiture rate of nil (2021 - nil), and volatility of 86% (2021 - nil%).

During the three months ended March 31, 2022, the Company expensed \$229,664 (2021 - \$58,485) for the fair value of options, which was recorded in share-based compensation.

During the three months ended March 31, 2022, nil (2021 - 50,000) incentive stock options were exercised; accordingly, the \$nil (2021 - \$28,430) fair value associated with the options was reclassified from reserves to share capital.

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, 2020	1,222,500	\$	1.63
Granted	625,000		1.69
Forfeited	(155,000)		2.98
Exercised	(150,000)		0.90
Balance as at December 31, 2021	1,542,500		1.59
Granted	577,500		0.94
Balance as at March 31, 2022	2,120,000	\$	1.41
Exercisable as at March 31, 2022	1,318,334	\$	1.54

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**8. SHARE CAPITAL (cont'd...)****Stock options (cont'd...)**

As at March 31, 2022, the Company had outstanding options enabling the holder to acquire common shares as follows:

<b>Number of options</b>	<b>Number of exercisable options</b>	<b>Exercise price (in CAD)</b>	<b>Weighted average remaining life (years)</b>	<b>Expiry date</b>
30,000	30,000	\$ 3.70	0.93	March 6, 2023
125,000	125,000	\$ 3.75	1.13	May 17, 2023
100,000	100,000	\$ 1.55	1.23	June 24, 2023
62,500	62,500	\$ 4.15	1.90	February 21, 2024
770,000	556,667	\$ 0.90	3.51	October 1, 2025
275,000	91,667	\$ 1.55	4.24	June 24, 2026
180,000	60,000	\$ 1.90	4.24	June 24, 2026
577,500	292,500	\$ 0.94	4.84	January 31, 2027
<b>2,120,000</b>	<b>1,318,334</b>			

**Share purchase warrants**

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

	<b>Number of warrants</b>	<b>Weighted average exercise price (in CAD)</b>
Balance as at December 31, 2020	479,665	\$ 5.00
Issued	2,421,325	2.60
Expired	(479,665)	5.00
<b>Balance as at December 31, 2021 and March 31, 2022</b>	<b>2,421,325</b>	<b>\$ 2.60</b>

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

As at March 31, 2022, 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
2,421,325	\$ 2.60	1.21	June 16, 2023
2,421,325			

**Performance warrants**

During the three months ended March 31, 2022, nil (2021 - 276,624) performance warrants were exercised; accordingly, the \$nil (2021 - \$84,878) issue-date fair value associated with the warrants was reclassified from reserves to share capital.

The continuity of performance warrants of the Company was as follows:

	Number of warrants	Weighted average exercise price
Balance as at December 31, 2020	276,624	\$ 0.0005
Exercised	(276,624)	0.0005
Balance as at December 31, 2021 and March 31, 2022	-	\$ -

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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:

	<b>Three months ended March 31, 2022</b>	<b>Three months ended March 31, 2021</b>
Directors fees	\$ 23,006	\$ 23,827
Management fees	-	46,660
Professional fees	-	10,722
Share-based compensation	172,080	38,994
Wages and benefits	142,675	-
	<b>\$ 337,761</b>	<b>\$ 120,203</b>

During the three months ended March 31, 2022, administrative and exploration and evaluation expenditures of \$91,668 (2021 - \$nil) were paid or accrued to a related entity, which provides engineering and subcontractor services for the Bethania Silver Project. As at March 31, 2022, included in accounts payable and accrued liabilities was \$58,420 (December 31, 2021- \$nil) owing to this entity.

As at March 31, 2022, included in accounts payable and accrued liabilities was \$19,945 (December 31, 2021- \$19,643) owing to officers and directors.

**10. SUPPLEMENTAL CASH FLOW INFORMATION**

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

	<b>Three months ended March 31, 2022</b>	<b>Three months ended March 31, 2021</b>
Reclassification of reserves to share capital on exercise of options	\$ -	\$ 28,430
Reclassification of reserves to share capital on exercise of warrants	\$ -	\$ 84,878
Reclassification of reserves to deficit on expiry of warrants	\$ -	\$ 100
Shares issued on acquisition of CobalTech (Note 4)	\$ -	\$ 2,668,079

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**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. Geographic information is as follows:

	Canada		Peru		Total
As at March 31, 2022					
Exploration and evaluation assets	\$ 6,378,770	\$	18,471,701	\$	24,850,471
Other assets	945,338		390,859		1,336,197
<b>Total assets</b>	<b>\$ 7,324,108</b>	<b>\$</b>	<b>18,862,560</b>	<b>\$</b>	<b>26,186,668</b>
For the three months ended March 31, 2022					
Loss	\$ (704,261)	\$	(875,425)	\$	(1,579,686)
	Canada		Peru		Total
As at December 31, 2021					
Exploration and evaluation assets	\$ 6,282,128	\$	18,191,846	\$	24,473,974
Other assets	2,253,370		415,258		2,668,628
<b>Total assets</b>	<b>\$ 8,535,498</b>	<b>\$</b>	<b>18,607,104</b>	<b>\$</b>	<b>27,142,602</b>
For the three months ended March 31, 2021					
Loss	\$ (338,777)	\$	(564,130)	\$	(902,907)

**12. FINANCIAL INSTRUMENT RISK**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at March 31, 2022, 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 major Canadian banks and funds are transferred to the subsidiary's foreign bank accounts as required to cover current expenditures, minimizing the risk to the Company. Receivables are primarily due from a government agency.



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**12. FINANCIAL INSTRUMENT RISK (cont'd...)****Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company does not have sufficient cash as at March 31, 2022 to settle its current liabilities as they come due and 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:

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 \$86,000 recorded in profit or loss for the three months ended March 31, 2022. The effect of a 10% change in the foreign exchange rate on monetary balances held in CAD dollar and Peruvian soles accounts would be approximately \$13,000 recorded in other comprehensive income or loss for the three months ended March 31, 2022.

Interest rate risk

This risk relates to the change in the borrowing rates affecting the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% increase or decrease in the interest rates would have a nominal impact in interest income for the three months ended March 31, 2022.

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.

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**12. FINANCIAL INSTRUMENT RISK (cont'd...)****Fair value hierarchy**

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

Level 1

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

Level 2

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

Level 3

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

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and obligation to issue shares. The fair value of these financial instruments approximates their carrying values. Obligation to issue shares is measured at fair value using level 1 inputs.

**13. CAPITAL MANAGEMENT**

The Company defines capital as cash, debt, and the components of shareholders' equity. The Company's objectives when managing capital are to identify, pursue, and complete the exploration and development of its exploration and evaluation assets, to maintain financial strength, to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors. The Company does not have any externally imposed capital requirements. There has been no significant change in the Company's objectives, policies, and processes for managing its capital during the three months ended March 31, 2022.

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**14. COMMITMENTS AND CONTINGENCIES****Commitments**

As at March 31, 2022, the Company has a commitment to pay a monthly fee of \$5,000 for advisory services provided to the Company in Peru to a shareholder of the Company. This commitment remains in place for as long as this shareholder maintains a share ownership position of more than five percent of the Company.

**Contingencies**

As at March 31, 2022, the Company has the following contingency: in 2018, MTP filed an arbitral claim against Compañía Minera San Valentín S.A.C. ("San Valentín") before the Lima Chamber of Commerce ("Chamber") in the amount of \$904,856, alleging underpayment from toll milling services, which was dismissed subsequent to March 31, 2022 by the Chamber. MTP withheld an accrued payment of \$140,000 due to San Valentín and an arbitration was initiated by San Valentín against the Company before the Chamber. The Company was ordered to pay \$93,597 plus penalties, interest and legal fees to the courts per a judicial order in settlement for the \$140,000. In November 2021, the Company paid \$93,597 towards the settlement. There is currently \$46,403 included in accounts payable and accrued liabilities as at March 31, 2022 with respect to San Valentín.

**15. SUBSEQUENT EVENTS**

Subsequent to March 31, 2022:

- a) the Company closed a non-brokered private placement and issued 653,334 units at a price of CAD \$0.90 per unit for total proceeds of CAD \$588,001. Each unit consisted of one common share and one-half of one transferrable common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of CAD \$1.20 per common share for a period of 24 months from the date of issue. The Company paid a total of \$7,900 for finders' fees in connection with this private placement; and
- b) the Company's Board approved a new share incentive plan that will include stock options, restricted share units, and performance share units. The new plan, which would replace the current stock option plan, is subject to shareholder and CSE approval.