National Instrument 43-101 Technical Report and Maiden Mineral Resource Estimate on the Bethania Silver Project

Department of Huancavelica
Province of Huancavelica, District of Acobambilla, Peru

Report Prepared for:

Kuya Silver Corporation
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Report - 6 January 2022
Mineral Resource Estimate – 10 December 2021

Report Issue Date: 21 February 2022

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Independent Consultant

Project Number: 590.19.00

DATE AND SIGNATURE PAGE

The Report, "National Instrument 43-101 Technical Report and Maiden Mineral Resource Estimate on the Bethania Silver Project, Department of Huancavelica, Province of Huancavelica, District of Acobambilla, Peru", with a Report Issue Date of 21 February 2022, a Report Effective Date of 6 January 2022, and a Mineral Resource Estimate Effective Date of 10 December 2021, was authored by the following:

"signed original on file"

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Scott Jobin-Bevans (PhD., PMP, P.Geo.)
Principal Geoscientist
Caracle Creek International Consulting Inc.

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Simon James Atticus Mortimer (MSc. ACSM, MAusIMM, FAIG)
Principal Consulting Geologist
Atticus Geoscience Consulting S.A.C.

"signed original on file"

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Gerardo Acuña Perez (P.Eng., FAusIMM)
Professional Mining Engineer
Independent Consultant

Dated: 21 February 2022

CERTIFICATE OF QUALIFIED PERSON
Scott Jobin-Bevans (PhD, P.Geo.)

I, Scott Jobin-Bevans (P.Geo.), do hereby certify that:

1. I am an independent consultant of Caracle Creek International Consulting Inc. (Caracle) and have an address at Av. Hacienda Macul 6047, Peñalolen, Santiago, Chile.
2. I graduated from the University of Manitoba (Winnipeg, Manitoba) with a B.Sc. Geosciences (Hons) in 1995 and from the University of Western Ontario (London, Ontario) with a Ph.D. (Geology) in 2004.
3. I am a member, in good standing, of Association of Professional Geoscientists of Ontario, License Number 0183 (since June 2002).
4. I have practiced my profession continuously for more than 20 years, having worked mainly in mineral exploration but also having experience in mine site geology, mineral resource and reserve estimations, preliminary economic assessments, pre-feasibility studies, due diligence, valuation, and evaluation reporting. I have authored, co-authored, or contributed to numerous NI-43-101 reports on a multitude of commodities including nickel-copper-platinum group elements, base metals, gold, silver, vanadium, and lithium projects in Canada, the United States, China, Central and South America, Europe, Africa, and Australia.
5. I have read the definition of "Qualified Person" set out in National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "Qualified Person" for the purposes of NI 43-101.
6. I am responsible for the preparation of all sections *except* sections 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22, in the report titled, "National Instrument 43-101 Technical Report and Maiden Mineral Resource Estimate, Bethania Silver Project, Department of Huancavelica, Province of Huancavelica, District of Acobambilla, Peru" (the "Technical Report"), issued 21 February 2022, with a Report Effective Date of 6 January 2022, and a Mineral Resource Estimate Effective Date of 10 December 2022.
7. I visited the Bethania Silver Project on 15 June 2019.
8. I am independent of Kuya Silver Corporation applying all of the tests in Section 1.5 of NI 43-101 Form 43-101F1 and Companion Policy 43-101CP.
9. I am an independent geological consultant with Caracle Creek International Consulting Inc. who are providing independent geological consulting services to Kuya Silver Corporation on the Bethania Silver Project.
10. I have read NI 43-101, Form 43-101F1 and confirm the Technical Report has been prepared in compliance with that instrument and form.
11. As of the Effective Date of the Technical Report, to the best of my knowledge, information and belief, the Sections of the Technical Report for which I am responsible contain all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Signed at Santiago, Chile this 21st day of February 2022.

"signed"

_____

Scott Jobin-Bevans (PhD., PMP, P.Geo.)

CERTIFICATE OF QUALIFIED PERSON
Simon James Atticus Mortimer (MSc., FAIG)

I, Simon James Atticus Mortimer (MSc., FAIG), do hereby certify that:

1. I am a professional geologist with Atticus Geoscience Consulting S.A.C. with an address at Ramon Zavala 420, Miraflores, Lima, Peru.
2. I graduated from the University of St. Andrews, Scotland, with a B. Sc. in Geoscience in 1995 and from the Camborne School of Mines with a MSc. in Mining Geology in 1998.
3. I am a Registered Professional Geoscientist (P. Geo.), Practicing, as a member of the Australasian Institute of Mining and Metallurgy (#300947) and the Australian Institute of Geoscientists (FAIG #7795).
4. I have worked as a geoscientist in the minerals industry for over 20 years and I have been directly involved in the mining, exploration, and evaluation of mineral properties mainly in Peru, Chile, Argentina, Brazil, and Colombia for precious and base metals.
5. I have read the definition of "Qualified Person" set out in National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "Qualified Person" for the purposes of NI 43-101.
6. I am responsible for the preparation of sections 1, 2, 3, 9, 10, 11, 12, 14, 25, and 26, in the report titled, "National Instrument 43-101 Technical Report and Maiden Mineral Resource Estimate, Bethania Silver Project, Department of Huancavelica, Province of Huancavelica, District of Acobambilla, Peru" (the "Technical Report"), issued 21 February 2022, with a Report Effective Date of 6 January 2022, and a Mineral Resource Estimate Effective Date of 10 December 2021.
7. I visited the Bethania Silver Project on 24 to 27 May 2021.
8. I am independent of Kuya Silver Corporation applying all of the tests in Section 1.5 of NI 43-101 Form 43-101F1 and Companion Policy 43-101CP.
9. I am an independent geological consultant assisting Caracle Creek International Consulting Inc. who are providing independent geological consulting services to Kuya Silver Corporation on the Bethania Silver Project.
10. I have read NI 43-101, Form 43-101F1 and confirm the Technical Report has been prepared in compliance with that instrument and form.
11. As of the Effective Date of the Technical Report, to the best of my knowledge, information and belief, the Sections of the Technical Report for which I am responsible contain all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Signed at Lima, Peru this 21st day of February 2022.

"signed"

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Simon James Atticus Mortimer (MSc. ACSM, MAusIMM, FAIG)

CERTIFICATE OF QUALIFIED PERSON
Gerardo Acuña Perez (P.Eng., FAusIMM)

I, Mr. Gerardo Acuña Perez (P.Eng., FAusIMM), do hereby certify that:

1. I am a Professional Mining Engineer and an independent consultant with an address at La Vertiente 208, La Molina, Lima, Peru.
2. I graduated from the National University of the Center of Peru, received my Bachelor of Science Degree in Mining in 2008 and received my Degree in Professional Mining Engineering in 2009.
3. I am a registered as a Professional Mining Engineer in the College of Engineers of Peru with code 123164 from 2011 (P.Eng.), practicing as a Fellow of the Australasian Institute of Mining and Metallurgy (Fellow AusIMM #337049).
4. I have worked in the minerals industry for 15 years and I have been directly involved in evaluation of resources and reserves, and design and operation of mines and other underground facilities in silver, copper, gold, lead, and zinc, in Perú (La Libertad, Junin y Cerro de Pasco), Colombia (Antioquia) and Ecuador (Zamora Chinchipe in southeast Ecuador, and Toachi southwest of Quito).
5. I have read the definition of "Qualified Person" set out in National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "Qualified Person" for the purposes of NI 43-101.
6. I am responsible for the preparation of sections 1, 2, 3, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 25, and 26, in the report titled, "National Instrument 43-101 Technical Report and Maiden Mineral Resource Estimate, Bethania Silver Project, Department of Huancavelica, Province of Huancavelica, District of Acobambilla, Peru" (the "Technical Report"), issued 21 February 2022, with a Report Effective Date of 6 January 2022, and a Mineral Resource Estimate Effective Date of 10 December 2021.
7. I visited the Bethania Silver Project on 19 February 2022.
8. I am independent of Kuya Silver Corporation applying all of the tests in Section 1.5 of NI 43-101 Form 43-101F1 and Companion Policy 43-101CP.
9. I am an independent professional engineer assisting Caracle Creek International Consulting Inc. who are providing independent geological consulting services to Kuya Silver Corp. on the Bethania Silver Project. Recently, I have been working as a consultant to Minera Toro de Plata S.A.C. (Peruvian subsidiary to Kuya) and SICG on the Project.
10. I have read NI 43-101, Form 43-101F1 and confirm the Technical Report has been prepared in compliance with that instrument and form.
11. As of the Effective Date of the Technical Report, to the best of my knowledge, information and belief, the Sections of the Technical Report for which I am responsible contain all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Signed at Lima, Peru this 21st day of February 2022.

"signed"

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Gerardo Acuña Perez (P.Eng., FAusIMM)

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1.0 SUMMARY

At the request of Canadian public company Kuya Silver Corporation ("Kuya", or the "Company", or the "Issuer"), Caracle Creek International Consulting Inc. ("Caracle" or the "Consultant"), a private Canadian geological consulting company, has prepared this technical report and maiden mineral resource estimate ("MRE") as a National Instrument 43-101 ("NI 43-101") Technical Report and Mineral Resource Estimate (the "Report") on the Bethania Silver Project, located in central Peru, about 175 direct kilometres southeast of Lima.

1.1 Purpose of the Technical Report

This Report was prepared as an NI 43-101 Technical Report for Kuya in support of ongoing exploration and development work at the Bethania Silver Project, and to be used in the course of normal business. The Report provides an independent review of the data and information related to the Bethania Silver Project with conclusions about the Bethania Silver Project and recommendations for future work.

1.2 Effective Date

The Effective Date of the Report is 6 January 2022, and the Effective Date of the maiden Mineral Resource Estimate is 10 December 2021.

1.3 Background

On 11 June 2020, private company Kuya announced that it had executed a definitive agreement with public company Miramont Resources Corp. ("Miramont"), whereby Miramont would acquire all of the issued and outstanding shares of Kuya pursuant to a three-cornered amalgamation (the "Transaction") in which Kuya will amalgamate with 2757974 Ontario Inc., a wholly-owned subsidiary of Miramont. Following the Transaction, the amalgamated company will be a wholly-owned subsidiary of Miramont, and the new company will change its name to Kuya Silver Corporation.

On 1 October 2020, Kuya announced that it had completed its amalgamation transaction and received final approval from the Canadian Securities Exchange ("CSE"). The Common Shares of Kuya began trading on the CSE on 7 October 2020 under the symbol "KUYA".

On 26 October 2020, Kuya announced that it had reached an agreement to acquire a 100% interest in S & L Andes Export SAC ("S&L"), the owner of the Bethania Silver mine property (Santa Elena mining concession). This agreement effectively replaced Kuya's previous agreement to earn an 80% interest in S&L, Kuya entered into a letter agreement (the "Letter Agreement") with S&L to acquire the additional 20% interest such that, on closing, Kuya would hold a 100% interest in the issued and outstanding securities of S&L.

On 16 December 2020, Kuya announced that through its indirect wholly owned Peruvian subsidiary (Kuya Peru S.A.C., formerly, Aerecura Materiales S.A.C.), it had acquired 100% of the issued and outstanding

shares in the capital of S&L, and thereby owns 100% of the Bethania Silver Project. Kuya has since renamed S&L to Minera Toro de Plata S.A.C.

1.4 Previous Technical Reports

This Report replaces the previous NI 43-101 technical report titled, "Independent Technical Report on the Bethania Silver Project, Department of Huancavelica, Province of Huancavelica, District of Acobambilla, Peru", issued 29 September 2021 and with an effective date of 15 September 2021 (Jobin-Bevans et al., 2021). This Report is the current NI 43-101 Technical Report and Mineral Resource Estimate for the Project.

1.5 Qualifications of the Consultants

Dr. Scott Jobin-Bevans (P.Geo., APGO #0183), the Principal Author in the preparation of the Report, is a Professional Geoscientist in the field of geology, mineral exploration, Mineral Resource and Mineral Reserve estimation and classification, geotechnical, and land tenure and permitting.

Mr. Simon Mortimer (FAIG #7795), Co-Author and professional geologist, has experience in geology, mineral exploration, Mineral Resource and Mineral Reserve estimation and classification, geological modelling, and mineral economics.

Mr. Gerardo Acuña Perez (P.Eng., FAusIMM #337049), Co-Author and professional engineer, has 15 years of experience in evaluation of resources and reserves (including silver, gold, copper, lead, and zinc), project and planning miner, design, and operation of underground mine on sites in Perú, Colombia and Ecuador.

The Principal Author and Co-Authors (together the "Authors") employed in the preparation of the Report have no beneficial interest in Kuya and the Authors are not insiders, associates, or affiliates of Kuya.

1.6 Personal Inspection

Dr. Scott Jobin-Bevans (P.Geo., APGO #0813), visited the Bethania Silver Project for one day on 15 June 2019. The purpose of the personal inspection (site visit) was to observe mine and general Property conditions, surficial geology, underground geology, and mining procedures, proposed sites for the processing plant and related equipment, and sites for any exploration work including historical surface trenching and excavation (past mining), inclusive of associated quality assurance/quality control. During the site visit, a total of five rock samples were collected from five of the main veins, either from surface exposures or from underground workings, and analyzed.

Mr. Simon Mortimer (FAusIMM, FAIG), visited the Bethania Silver Project from the 24 to 27 May 2021 on behalf of Caracle Creek International Consulting Inc. Simon was accompanied by geologist Luis Huapaya, also from Atticus Consulting S.A.C., Lima, Peru. The purpose of the personal inspection was to observe the processes and protocols in place for the collection of geological data – the geological logging, the capture of data in digital format, the selection, taking, and registering of samples, the associated quality

assurance/quality control, and the transport and storage of the samples; to visit the drip pads and observe the procedures in place for the extraction of the core and delivery to the logging shed; and to review the drill core, the surface geology and map some of the principal structures, contacts and outcropping veins.

Mr. Gerardo Acuña Perez (P.Eng., FAusIMM #337049), visited the Bethania Silver Project on 19 February 2022 on behalf of Caracle Creek International Consulting Inc. Gerardo was accompanied by Luis Palacios, safety engineer of Minera Toro de Plata S.A.C. (subsidiary of Kuya Silver). The purpose of the personal inspection was to verify vestiges of the old mine, the conditions of the properties and their environments, the accessibility to the site, visual inspection of the components of entrance to the underground, the conditions and other infrastructure that demonstrate in a partial and preliminary basis, a future mining operation.

1.7 Reliance on Other Experts

The Report has been prepared by the Authors for Kuya. The information, conclusions, opinions, and resource estimates contained herein are based on:

- Information available to Caracle at the time of preparation of the Report.
- Assumptions, conditions, and qualifications as set forth in the Report.

The Authors have not relied on any report, opinion or statement of another expert who is not a qualified person, or on information provided by the Issuer concerning legal, political, environmental or tax matters relevant to the Report.

1.8 Property Description and Location

The Bethania Silver Project, located in the high Andes of Central Peru and about 70 km (direct) southwest of the city of Huancayo, capital city of neighbouring Junín Department, consists of 7 mining concessions and 5 mineral claims, situated near the borders of the departments of Huancavelica, Lima and Junín. Collectively, the 12 properties are referred to as the Bethania Silver Project (the "Project") and the focus of the Report is on the Santa Elena mining concession (the "Property" or "Bethania").

The Santa Elena concession, on which the Bethania Silver Mine ("Bethania Mine") is located, is in the northwestern part of Huancavelica Department, Province of Huancavelica, and District of Acobambilla. The Property is about 316 km by road from Peru's capital city of Lima, but it is possible to fly from Lima to Jauja (Jauja is about 50 km or a one hour drive from Huancayo) and then drive southwest to the Property via Huancayo (about 4 hours).

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

The Santa Elena concession was originally registered in 1970 to cover artisanal and colonial-era pits and workings known at the time. This concession, covering 45 hectares (1.5 km x 300 m), is owned 100% by Kuya. All mineralization that is the focus of the Report, is located within the Santa Elena concession (11020736X01).

With respect to the other 11 properties, the Chinita I concession is registered to Kuya's wholly owned Peruvian subsidiary S&L Andes Export S.A.C. (now Minera Toro de Plata S.A.C.), the Tres Banderas 01 to 07 are registered to Kuya's wholly owned Peruvian subsidiary Aerecura Materiales S.A.C. ("Aerecura") (now Kuya Silver S.A.C.), and Carmelita 2005, Carmelita 2005 I, and Carmelita 205 II were purchased by Kuya Silver S.A.C. in May 2021, but are shown registered to Carmelita 2005, Carmelita 2005 I, and Carmelita 2005 II, respectively.

The 12 properties that comprise the entire Project cover about 4,845 ha and annual holding costs are about US$14,535. The Company is permitted to undertake exploration work on all concessions and mineral claims.

1.9 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Property is about 316 km by road from Peru's capital city of Lima, but it is possible to fly from Lima to Jauja (Jauja is about 50 km or a one hour drive from Huancayo) and then drive southwest to the Property via Huancayo (about 4 hours).

Climate is seasonal with heavy rains (or snow) typically falling between November and March.

The cities of Huancayo and Huancavelica offer a range of goods and services, education institutions, and workers well-experienced in mineral exploration and mining.

The Bethania Mine uses generators to supply power, although there are transmission lines supplying energy to nearby active mines. There are several large lakes within the surrounding area, one of which is currently used as the water supply to the Bethania village.

The Project lies within a sub-circular altiplano surrounded by hilly topography between 4,691 and 4,858 m AMSL. Hillsides can be barren of vegetation, and the lower ground is populated by short grasses and scrub mostly used for transient sheep grazing.

1.10 History

According to locals, silver veins in the region and on the Property (*e.g.*, Española Vein) were first exploited by the Spaniards as early as the 1600s, through small-scale mining of the rich silver veins. Modern exploitation of the vein systems (Española and 12 de Mayo veins) started in 1977, was suspended in the

1980s due to political issues in Peru (*i.e.*, 1980's terrorism), and subsequently re-started production in 2008 which continued until 2016.

1.10.1 Historical Mineral Resource and Mineral Reserve Estimates

S&L calculated its own internal mineral resources and mineral reserves estimates (Milla, 2016a; Milla and Osorio, 2016) for planning purposes, and at times to promote investment in the mining operation. Estimates made on six (6) veins by Milla (2016a) are summarized in Table 1-1 and Table 1-2.

Table 1-1. Historical Mineral Resources, Bethania Mine, March 2016 (Milla, 2016a).

RESOURCES Category	Tonnes (t)	Ag (oz/t)	Pb (%)	Zn (%)	Cu (%)	Ag (contained oz)
Measured	67,710	15.94	4.39	2.50	0.25	1,190,033
Indicated	260,528	15.96	4.46	2.50	0.25	4,583,063
Inferred	132,964	14.98	4.94	2.94	0.30	2,195,573
					Total (Mea+Ind):	**5,773,096**
					Total (Inf):	**2,195,573**

Table 1-2. Historical Mineral Reserves, Bethania Mine, March 2016 (Milla, 2016a).

RESERVES Category	Tonnes (t)	Ag (oz/t)	Pb (%)	Zn (%)	Cu (%)	Ag (contained oz)
Proven	67,710	15.94	4.39	2.50	0.25	1,190,033
Probable	41,444	15.28	4.73	2.96	0.27	698,243

These historical estimates were prepared by Dionicio Milla Simon (Geological Engineer), as documented in a report titled, "Mina Santa Elena Estimacion de Recursos y Reservas Minerales", dated March 2016, and were calculated using simple block modelling for partially developed and measured stope blocks and larger indicated and inferred resource blocks extended in depth, using sampling data collected along the backs of the development levels.

Development on veins was methodically and consistently sampled and assayed for Ag, Pb and Zn, and the width of each vein sample and location is recorded. Copper was assayed only intermittently, and more sampling is required in order to include copper in any future mineral resource or mineral reserve estimates. No cut-off grade was provided, but a specific gravity (density) of 3.0 and a dilution factor of 5% were applied.

Mineral reserve estimates considered mineralized material that was immediately accessible above and below existing mine workings and was calculated exclusive of mineral resources.

Although the historical estimates were completed using the classification set out in sections 1.2 and 1.3 of NI 43-101 and following the guidelines of the CIM Definition Standards on Mineral Resources and Mineral Reserves, they are not considered current resources and are not consistent with NI 43-101 as they lack up-

to-date sampling, sample preparation and assaying QA/QC support, and their estimation limits determined through robust geostatistical estimation. There are no recent estimates or data available to the Company with respect to these historical estimates.

Verification of the historical mineral resource and reserve estimates would require systematic diamond drilling in the area of the historical estimates in order to generate a statistically significant number of samples of the historical resource and reserve blocks. Future mineral resource and reserve estimates would also benefit from the re-sampling of the bottom level of the mine at the 4640 Level.

A qualified person has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves and Kuya is not treating the historical estimates as current mineral resources or mineral reserves.

Investors should not therefore rely on the historical estimates as current mineral resources or mineral reserves until they have been verified and supported in a technical report in accordance with NI 43-101. Furthermore, the conversion of mineral resources to mineral reserves requires a mine plan, and there is at present no workable mine plan.

1.11 Geology and Mineralization

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

The Bethania Mine and other deposits, occurrences and mines in the immediate area are interpreted to be located within an ancient volcanic caldera. Mineralization exploited to date comprises a swarm of steeply dipping east-northeast striking anastomosing narrow veins with vein widths ranging from a few centimetres to several metres.

1.12 Deposit Types

Given the lithological, structural, mineralogical and alteration characteristics observed at the Project and specifically in the Bethania Mine vein system, mineralization identified to date can be classified as a polymetallic intermediate sulphidation epithermal (“ISE”), with significant accumulations of silver, lead, zinc, copper, and gold.

1.13 Exploration

Prior to 2019, there had been no systematic surface or underground exploration by the Issuer at Bethania. Kuya initiated data and information compilation in 2019, completing a high resolution elevation drone

survey in April 2019, announcing the results of surface vein sampling in April 2021, and completed a 4,988.05 metre diamond drilling program on 26 July 2021 with the announcement of results.

1.13.1 Surface Sampling

In February-March 2021, a total of 97 rock grab samples were collected from veins exposed at surface. Of the 97 rock grab samples, 76 were taken from veins and 21 were taken from altered or visibly unmineralized host rock (hanging wall or foot wall to the veins).

The easternmost area sampled identified a new vein at surface, named the Santa Elena vein or Veta Santa Elena, located in the northeast region of the Property, approximately 500 m along strike from the eastern limit of the Española underground workings. Rock grab samples were collected at approximately 10 m intervals along surface exposure of the vein system. Seven consecutive rock gran samples distributed over a length of 60 m, averaged 698 g/t Ag (22.4 oz/t Ag), 2.79 g/t Au and 3.07% Pb. Results from the Veta Santa Elena sampling included:

- 2833 g/t Ag (91.1 oz/t Ag), 5.20 g/t Au, 10.6% Pb
- 300 g/t Ag (9.6 oz/t Ag), 11.03 g/t Au, 2.17% Pb
- 812 g/t Ag (26.1 oz/t Ag), 0.32 g/t Au, 4.82% Pb

A second zone of interest was located at the intersection between a parallel vein structure to the Española 2 vein and the newly identified “Samantha” vein in the northeast part of the Property. At the vein intersection, four consecutive rock grab samples distributed over a length of 30 m (northwest-southeast) averaged 258 g/t Ag (8.3 oz/t Ag) and 2.84% Pb. Along the Samantha Vein, three consecutive rock grab samples distributed over a length of 20 m (west-northwest-east-southeast) averaged 171 g/t Ag (5.5 oz/t Ag) and 2.33% Pb (*see* Kuya news release dated 8 April 2021).

1.13.2 Exploration Potential – Bethania Silver Mine

At the Bethania Mine (Santa Elena concession), much can be gained by drilling along the well-known northeast-trending and lesser explored northwest-trending mineralized structures to determine strike and depth continuity, from surface and/or from underground. In most cases, this should involve relatively low risk drilling to increase the known mineralized vein system along strike and at depth and provide a better understanding of the mineralization style on the Property.

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

1.14 Drilling

The 2021 diamond drilling program began on 16 March 2021 and achieved the drilling of 36 drill holes totalling 4,988.05 metres. Drill platforms were constructed according to the layout in the drilling permit using Kuya's survey personnel who were responsible for marking the collar position (surveyed before and after drilling) and orientating the drill rig.

Drilling was contracted to Ingeomin S.A.C. (Lima, Peru) with all cores drilled in HQ3 (61.1 mm diameter). On completion of each drill hole the casing was removed, the hole opening cemented closed, and the location covered with a cement marker. The drilling contractor was responsible for recording the downhole survey, using a DeviGyro™ multishot surveying tool. The drilling contractor undertook surveys up and down the hole to verify the downhole surveys and the core was orientated using Devico core orientation tools.

For exploration objectives, the drilling program was split into two parts. Thirty-three drill holes (4,406.05 m) were drilled in the western third of the Property (Bethania Mine area), testing the seven main veins that make up historical mineral resources, and three drill holes (582 m) in the Hilltop Zone (east-northeastern portion of the Property) where Kuya had previous identified mineralized veins at surface.

The drilling program identified the continuation of the main veins, mineralization style and grade in the area of the historical resource and the drilling on the Hilltop Zone is interpreted to have intersected the Mercedes Vein in hole BDH-36, and the Española 2 Vein and Daniela Vein at depth in hole BDH-01.

1.15 Sample Preparation, Analyses and Security

Sample preparation and analyses has been undertaken for surface and drill core samples, both of which were accompanied by an internal QA/QC program consisting of inserting Certified Reference Material ("CRM"), blanks (coarse and fine), and twin samples for core. Surface samples were taken on site by conventional methods and placed in sample bags at the sampling location. Core was logged, cut and sampled on site using appropriate procedures and supervision.

During the 2021 exploration program, 120 surface samples were taken which were QC supported by including 12 control samples and 3,257 core samples were taken which were QC supported by the inclusion of 482 control samples.

The samples were temporarily stored in a secure warehouse on site until there was a sufficient number of samples to send to SGS Laboratories in Lima for assay. All transport of samples was done via a bonded courier service.

Samples were assayed for Au by fire assay, 36 elements by ICP-AES Multi-acid digestion and over limits of Ag, Pb, Zn by Atomic Absorption, multi-acid digestion. SGS Laboratories in Lima has international

certifications OHSAS 18001, ISO 14001 and ISO 9001 and is accredited by INACAL under the NTP-ISO / IEC 17025 and is independent of the Issuer.

At the end of the drilling program all core was removed from site and transported to Lima for storage in a secure warehouse. Sample pulp and sample reject material was returned by SGS and is also stored in the same warehouse.

Samples for density determination were undertaken at the end of the modelling process when all available information had been compiled. A total of 59 samples were selected within modelled veins and other mineralized structures in the footwall and hanging-wall of the vein structures. Results showed an average specific gravity of 3.1 g/cm^3 for the vein material and 2.71 g/cm^3 for the mineralized structures in the footwall and hanging-wall.

1.16 Data Verification

The Authors have reviewed the historical data and information regarding past exploration, development work, and historical mining on the Project as provided by Kuya. Kuya was entirely cooperative in supplying the Authors with all the information and data requested and there were no limitations or failures to conduct the verification.

Dr. Scott Jobin-Bevans (P.Geo., APGO#0813), visited the Bethania Silver Project for one day on 15 June 2019.

Mr. Simon Mortimer (MAusIMM, FAIG), visited the Bethania Silver Project from the 24 to 27 May 2021 on behalf of Caracle Creek International Consulting Inc.

Mr. Gerardo Acuña Perez (P.Eng., FAusIMM #337049), visited the Bethania Silver Project on 19 February 2022 on behalf of Caracle Creek International Consulting Inc.

Past mine production data and the safety statistics, as reported to the Peruvian Ministry of Energy and Mines (“MINEM”) during the period 2013-2016, is evidence that the mine was worked to accepted standards, and although it should be recognised that geological data relating this last period of mine working lacks QA/QC support, mine mapping and sampling is noted to be of a high standard, and the authors are confident that this data can be used for guidance in the planning of future work programs and for the purposes of geological modelling and inclusion in mineral resource estimation.

1.17 Mineral Processing and Metallurgical testing

Successful processing of mineral production from the Bethania Mine was carried out by toll treatment in various central Peruvian processing plants during the last period of operation from January 2013 to August

2016. The Peruvian Ministry of Energy and Mines records the production of 741,398 ounces of silver, 1,608 tonnes of lead, and 1,128 tonnes of zinc for the Bethania (formerly Santa Elena) mine during this period.

Process recoveries averaged 92% of silver into lead and zinc concentrates, 92% of lead into lead concentrates, and 75% of zinc into zinc concentrates. Future metallurgical testwork will need to be carried out to improve the recovery of zinc, and to investigate whether a saleable copper concentrate can be produced.

1.18 Mineral Resource Estimates

The Maiden Mineral Resource Estimate for the Project has been completed on the Bethania Project using all available information and data (Tables 1-1). The Mineral Resources for the Project were classified in accordance with the most current CIM Definition Standards (CIM, 2014).

Table 1-1. Maiden Mineral Resource Estimate Statement for the Bethania Silver Project, Peru.

Category	Tonnage	GRADE						CONTAINED METAL	
		Ag	Pb	Zn	Au	Cu	AgEq	Ag	AgEq
		(g/t)	(%)	(%)	(g/t)	(%)	(g/t)	(oz)	(oz)
Indicated	404,000	332	2.63	1.95	0.26	0.16	451	4,317,540	5,858,521
Inferred	700,000	249	2.51	1.58	0.24	0.12	356	5,600,256	8,006,431

*Silver equivalent (AgEq) is calculated using metal prices (in US$) of $1,849.78 /oz gold, $25.44 /oz silver, $1,981.79 /t lead, $2,658.62 /t zinc, and $7,971 /t copper, and by applying recovery factors of 0.4439, 0.9324, 0.9449, 0.9265, and 0.8829, respectively.

In order to determine the quantity of mineralization that shows a “reasonable prospect for eventual economic extraction” using underground mining methods, QP Simon Mortimer, generated two block models, the first being a sub-blocked model based on the geometries of the mineralised structures and the second being a regularised block model with block size based on a minimum mining width of 0.6m. The material that shows a reasonable prospect for eventual economic extraction was determined using the regularized block model, applying a cut-off of 100 ppm silver equivalent, which was based upon the based an evaluation of current mining and processing costs. The final resource estimation statement also considered the material in the upper levels that had already been extracted and the material that could not be mined due to safety concerns.

Highlights of the maiden MRE include:

- Indicated resources of 5,858,521 oz silver equivalent* at an average grade of 451 g/t AgEq contained in 404,000 tonnes.
- Inferred resources of 8,006,431 oz silver equivalent* at an average grade of 356 g/t AgEq contained in 700,000 tonnes.

- Silver represents 74% of the gross metal value* in the Indicated Resource and 70% of the gross metal value in the Inferred Resource.
- Approximately 63% of the Indicated silver equivalent ounces are located above the main historical production adit level (4670 Level).
- Identified three main mineralized structures that control the 18 veins included in the maiden MRE.
- Significant resources contained above the 4670 Level, including approximately 56% of the Indicated tonnes and 34% of the Inferred tonnes.
- Resource model extends to a maximum depth from surface of 230 m in the 12 de Mayo vein, 200 m in the Española vein and 180 m in the Victoria vein. All three vein systems appear to be similarly important in controlling silver mineralization and remain open along strike and at depth.

It is the opinion of the QPs that the Maiden MRE (*see* Table 1-1), completed in accordance with the requirements of the NI 43-101, reasonably reflects the mineralization that is currently known on the Bethania Silver Project and that there are reasonable prospects for future economic extraction, likely using narrow vein underground mining methods.

The Mineral Resources are not mineral reserves as they do not have demonstrated economic viability. The estimate is categorized as Inferred, Indicated and Measured resources based on data density, geological and grade continuity, search ellipse criteria, drill hole density and specific interpolation parameters. The Effective Date of the mineral resource estimates is 10 December 2021, based on the drill hole data compilation status and cut-off grade parameters.

1.19 Mineral Reserve Estimates

There are no current mineral reserves on the Property.

1.20 Mining Methods

Previous mine operators adopted the resuing method of mining “bonderline”, which resulted in very slow production advances and required a high amount of closely spaced timber supported development, the slow advancing of which contributed to the decision to cease production in 2016.

Clearly a more productive mining method is required with less development, but this cannot be defined until detailed geotechnical studies are carried out in order to overcome the “fair” to “poor” wall rock conditions reported as surrounding the narrow veins.

The recommendations for underground exploration drilling in the Report includes the mining of 10 drilling chambers and one short ventilation tunnel. The mining of these will provide the opportunity to test alternative means of ground support, the results of which will assist mine planning in the future.

1.21 Recovery Methods

Prior to Kuya taking over the Bethania Silver Project, Buenaventura Ingenieros SA ("BISA") were contracted to carry out the basic design and siting of a process plant and concentrator. The resulting plant design was included in the permitting process to approve the process plant siting and general layout.

Basic engineering took place between September 2019 and March 2020, with environmental permitting granted in August 2020, and more detailed engineering, which is ongoing, beginning in January 2021.

Design work assumed approximate head grades for Pb (3% to 4%), Zn (3%), Ag (10 to 15 ounces per tonne), and plant recoveries based upon previous toll treatment results.

The concentrator plant (Planta Bethania) is provisionally designed to handle:

- the reception of mineralized rock to 180mm sizing;
- primary crushing to 100mm, and secondary crushing to 10mm sizing;
- grinding and classification of the concentration feed; and,
- flash, bulk, differential, and cleaner flotation of Pb and Zn concentrates, and the possible inclusion of Cu concentration if this is determined as being cost-effective.

The currently envisaged process plant has a design capacity of 350 tpd being the maximum throughput permitted when registered with MINEM as a "small producer". It is noted that the process design is not yet supported by current mineral resources or mineral reserves as defined by NI 43-101 and should be revaluated when resource and reserve estimates become available.

1.22 Project Infrastructure

The infrastructure (existing and proposed) has been permitted using two separate environmental instruments; (1) an Environmental Impact Declaration ("DIA") and modifications which has been used to obtain the construction and operation license to permit the mining operation (existing underground mine and associated infrastructure); and, (2) an semi detailed Environmental Impact Assessment which has been used to permit a process plant, tailings storage facility ("TSF") and associated infrastructure.

The existing mine area of the Project has a relatively small surface footprint, most of which is located within the western quadrant of the Santa Elena mining concession. The infrastructure comprises:

- Dirt roads of varying conditions connect mining levels, waste dumps and fixed infrastructure.
- Mine entrances for levels 760, 740, 720, 700, 690 and 670.
- Waste dumps on levels 760, 740 (2 separate dumps), 720 (2 separate dumps), 700 and 690.
- Explosive magazine and a separate area for storing of blasting accessories.

- Generator group (500 KWH capacity).
- Two areas for compressors sited to support ventilation and drilling.
- Fuel storage tank with fuel distribution system.
- Solid waste storage area, lubricant storage area, general workshop, and general warehouse.
- Offices, health and safety, mine planning, mine change house, lunchroom and superintendent office.
- Water neutralization pond to treat acid water drainage.

The above-mentioned infrastructure is what the mine required for historic mining, with the final product toll treated in various offsite process plants.

A modification to the existing environmental instrument (DIA) has been lodged with the relevant local authorities (DREM – Huancavelica) to approve the following changes to the infrastructure:

- New fuel station project: storage and distribution area.
- Water treatment plant for residual water.
- Contaminated soils (oils, fuel) storage area.

It is likely that further modifications of the surface mine infrastructure will be required, however this can only be determined after the initial resource and reserve estimates are completed.

The general components of the process plant and TSF approved in the EIAsd consists of the following:

- Process plant.
- Tailings Storage Facility (TSF).
- Access road and connecting road network.
- Coarse mineralized rock stockpile.
- Overburden storage areas,
- Freshwater ponds (two), recirculation pond and contingency pond,
- Power plant, process plant sub-station, general substation.

No infrastructure exists in the area for the proposed process plant apart from 2.0 km of dirt roads that pass through the general area.

The design, distribution, selection, and sizing of the equipment will have to be revaluated after the initial resource and reserve estimates and mine design are completed.

1.23 Market Studies and Contracts

Although no supporting market studies have yet been carried out, it is relevant to state that the marketing of Pb concentrates carrying high grade silver would be expected to attract competitive bids from various traders that operate in Peru. Any contracts for the sale of Zn concentrates carrying much lower grade silver would normally be linked to the sale of Pb concentrates in order to ensure sale.

The current low Cu content of the mineralization indicates that further metallurgical studies would be required to demonstrate how much silver might be recovered by copper flotation, and to determine whether a saleable copper concentrate can be achieved.

It is important to note that due to the high-grade silver mineralization, the historical Mina Santa Elena (now the Bethania Mine) has been successfully worked for various production periods since 1977, and it is the potential for continuing high-grade silver mineralization that is driving the Project's current exploration program, parallel mine design studies, and environmental permitting.

1.24 Environmental Studies, Permitting and Social or Community Impact

Permits have been granted to the various owners of the Project since the implementation of the first Peruvian environmental regulations, and these have been transferred to successive owners through corporate acquisition and/or property sale. The mine area was approved through a DIA and modifications (Santa Elena concession) and the process plant area, TSF and associated infrastructure was approved through an EIAsd (Bethania Plant Beneficiation Concession area, approved in an EIAsd and awaiting formal registration with the MEM of the concession area).

The DIA for the mine area was approved through Directorial Resolution No.102-2009-DIA – issued 3 November 2009. The DIA approved the exploration and exploitation of the mineral within the Santa Elena concession. The DIA has been modified a number of times with the last major modification taking place in 2017 which incorporated updating environmental impacts of the mining activities and how the company proposed to manage, prevent, mitigate, control, and monitor the mining operation. The DIA was also used as the basis for an approved ITS (Regional Directorial Resolution No. 005–2021/GOB–REG–HVCA/GRDE–DREM) for the construction of 20 drill platforms and associated works related to drilling activities undertaken in 2021 which are the subject of this report. In addition, the mine has an approved mine closure plan, Regional Directorial Resolution No. 107–2018/GOB–REG–HVCA/GRDE–DREM, issued 5 December 2018. This resolution approved the Mine Closure Plan (temporal or definite closure) of the Santa Elena mine (Bethania Mine). Kuya is currently in the process of modifying the DIA presented in 2017 to include new components (water treatment plant to treat residual water and an area for treating contaminated hydrocarbon soils). The application was submitted on 14 December 2020 and is in process.

The EIAsd for the process plant area was approved through Directorial Resolution No. 032-0200/GOB.REG.HVCA/GRDE/DREM – issued 21 August 2020. The components approved in the EIAsd comprised approval of the Beneficiation process plant, tailings facility and associated infrastructure.

Environmental liabilities identified in the DIA recorded liabilities on site which consisted of:

- Abandoned underground workings including stopes, mine level entrances, development drives, crosscuts and raises.
- Abandoned buildings and instillations including stockpiles (waste and mineral).
- Disturbed areas such as accesses to the historic mine workings.

The remediation of the areas identified have been included in the mine closure plan approved through Regional Directorial Resolution No. 107–2018/GOB–REG–HVCA/GRDE–DREM.

No closure plan exists for the Beneficiation Concession as this has yet to be submitted for approval. Under normal circumstances Kuya would have had one year from the date of approval of the EIAsd to submit their mine closure plan. However due to COVID-19 a law was passed extending the period which mining companies have to submit supporting documents to relevant authorities.

The Company has developed and maintains good positive relationships with the Project's stakeholders, including land usage agreements with the local community of Bethania which include:

1. Usage of the land within the Santa Elena mining concession (45 ha). The current agreement expires on 31 August 2022. Kuya does not foresee any problem extending the land usage agreement considering the history of previous agreements undertaken.
2. Usage of the land within the Bethania Plant Beneficiation Concession area. The current agreement was signed on 21 August 2019 and increased the land usage area to 36.40 ha for an indefinite period. The contract includes fixed yearly payments and a royalty of US$0.75 (excluding tax) for every tonne treated.

Other agreements include a verbal agreement for water usage and an agreement to rent a house in the local community.

1.25 Capital and Operating Costs

Only ongoing care and maintenance, exploration and permitting costs are being considered at this point of time.

1.26 Economic Analysis

No economic analysis has been made at this point of time.

1.27 Adjacent Properties

There are two producing mines, Corihuarmi gold mine, 9 km to the north-northwest, and Heraldos Negros Pb-Zn-Ag mine, 11 km to the East, and there is exploration activity currently proceeding throughout the surrounding area.

1.28 Interpretation and Conclusions

The Bethania Property (Santa Elena concession), one of 12 properties (7 concessions and 5 mineral claims) that comprise the Bethania Silver Project, is located in the Cordillera Central of Peru and is host to volcanic-hosted intermediate sulphidation epithermal Ag-Pb-Zn-Cu-Au mineralization. This polymetallic mineralization is primarily hosted by relatively narrow northeast-trending veins and structures which contain bonanza grade silver grades (*i.e.*, >170 g/t Ag) and are hosted by altered andesite and dacite.

Based on evaluation of the data available from the Bethania Property, the Authors of the Report have formed the following conclusions:

1 The historical Mina Santa Elena (now Bethania Mine) has been successfully worked on and off and on a very small scale from 1977 to 2016, but then ceased to work due to lack of investment in mine development and a much needed on site treatment facility.

2 Past toll treatment of production has shown that the polymetallic minerals are suited to standard flotation processing although better recovery could be achieved for the zinc content.

3 The past underground “resuing” method of mining “bonderline” was slow and labour intensive. This necessitated the mining of many raises between levels and limited the interval between levels to no more than 20 to 30 metres. Poor host rock conditions meant that close timber support was applied almost throughout the mine, and this means of ground support contributed to limiting production due to the very slow advance.

4 During the last two years of operation the mine was sunk below its bottom drainage level by means of winzes and the start of a decline shaft. This further slowed development advance within the mine, and it is clear from this that a new mining method and development design needed to be planned to replace the “resuing” method and access into deeper levels.

5 The 2021 drilling program from surface was mainly focussed on the mine area and extensions to known veins for the purpose of adding support to develop the mine further in order to block out new mineral resources. This program has encountered low grade mineralization adjacent to and between the known veins which now needs to be considered as the Project moves towards underground exploration, a new mining method, and proposals for an on-site mineral processing facility.

6 During the removal of timber supports there will be the opportunity to take new channel samples and test confidence in previous underground sampling and mapping, and the assaying of samples taken. This work should be fully supported by QA/QC and written geological procedures, together with detailed reporting.

7 The vein system within the Property is considered to be open and prospective in all directions. Further surface exploration such as trenching, mapping, and sampling across the veins, adjacent to the veins and within intervening alteration, should be completed across the Property.

8 No further metallurgical test work is recommended at this stage because we do not know from mine planning what the future mineral-waste ratio and characteristics might be. However, the Project should continue to securely store coarse sample rejects (as started with the completed drilling program) with a view to preparing testwork samples as soon as representivity can be demonstrated. A minimum of 30 kg per test is normally required, and the provenance and preparation of each sample must be reported on by a QP.

9 The maiden Mineral Resource Estimate is encouraging and will form the basis for a Phase 2 diamond drilling program, with holes designed from surface and from underground set-ups, along with guiding additional future surface and underground exploration.

1.29 Recommendations

It is the Authors' opinion that additional exploration expenditures are warranted on the Bethania Silver Project and specifically the Bethania Mine (Santa Elena concession). Future attention should also be given to the prospectivity of the additional concessions the Company has acquired or applied for in the region (*i.e.*, Chinita I, Carmelitas, and Tres Banderas 01 to 07).

A breakdown of costs for a single phase recommended work program, surface, and underground components, on the Bethania Silver Project (Santa Elena concession) is provided in Table 1-3. These recommendations total approximately CAD$2.5 million dollars.

Table 1-3. Recommended single phase work program and budget, Bethania Silver Project.

Work Item (Santa Elena Concession)	Cost (CAD$)
Underground Drone Surveys	$50,000
Underground Vein Sampling	$50,000
Trenching and Sampling	$75,000
Geological Mapping (geology, alteration, structure) and sampling	$30,000
Geophysics - Drone Magnetic Survey	$25,000
Geophysics - Induced Polarization	$75,000
Mine Planning - trade-off studies	$55,000
Water Treatment Facility	$475,000
Underground Mine Rehabilitation (5-month plan)	$370,000
Surface Diamond Drilling Program	$500,000
Underground Diamond Drilling Program	$840,000
Total (CAD$):	**$2,545,000**

With respect to the Bethania Mine, an underground drilling program should also be implemented (*see* details below). An underground drone (UAV) survey is also recommended.

Given the completion of the Phase 1 diamond drilling program and the maiden Mineral Resource Estimate on the Mine Zone vein system of the Santa Elena concession, further exploration work should focus on proving the down dip extension of the mine zone vein system, the definition of the vein system in the Hilltop Zone, and the development of a project scale three-dimensional geological interpretation. Surface work should be completed for trenching, sampling, mapping (geological, alteration and structural) of Hilltop Zone vein system, followed up with a drilling program to confirm downdip extension on the veins. A recommended surface diamond drilling program has been outlined in Table 1-4 (*see* Figure 26-1 in Section 26).

Surface geophysical surveys such as induced polarization (chargeability/resistivity) and a high-resolution magnetic survey (possible drone based) are also recommended.

Table 1-4. Recommended surface drilling program to test the Hilltop Zone vein system, Santa Elena concession.

DDH	NORTH	EAST	Z	DD Station	TARGET	ANGLE	AZIMUTH	LENGTH (m)
P1	443223	8603039	4854	1	Veta Daniela, Española 2 Rocio & Mercedes	-45	22	230
P2	443223	8603039	4854	1	Veta Daniela, Española 2 Rocio & Mercedes	-55	22	270
P3	443175	8603052	4869	2	Veta Daniela, Española 2 Rocio & Mercedes	-45	22	270
P4	443175	8603052	4869	2	Veta Daniela, Española 2 Rocio & Mercedes	-55	22	325
P5	443130	8603082	4856	3	Veta Daniela, Española 2 Rocio & Mercedes	-50	22	260
P6	443130	8603082	4856	3	Veta Daniela, Española 2 Rocio & Mercedes	-60	22	320
P7	443235	8603201	4823	4	Veta Santa Elena & Mercedes	-45	15	80
							Total 670 Level:	**1755**

1.30 Recommended Underground Exploration

It is recommended that as soon as a permit is granted to proceed with underground access and exploration, that the Company considers an underground exploration program to (1) verify historical sampling information, and (2) to probe the down dip continuation of the mineralised structures.

Recommended drill hole collar locations for a 33-hole underground diamond drilling program, totalling 4,790 m (Table 1-5) and to be completed from 10 different locations (Table 1-6) (*see* Section 26 - Figure 26-1 and Figure 26-2).

With respect to the 10 different drill hole set-up locations (Table 1-6), the existing timber support will have to be removed and ground conditions assessed for support using shotcrete and/or reinforced shotcrete support.

These locations will then have to be increased in size, sufficient to accommodate diamond-drilling equipment within the drill bays. Where ground conditions are very poor it may not be necessary to use drill and blast, and shotcrete may have to be used to support temporary advances until the final excavation

shape has been completed. However, this work though laborious, will provide much needed information on the alternative ground support methods that have to be considered in a more productive mine design.

Table 1-5. Recommended underground diamond drilling , Bethania Silver Mine.

DDH	LEVEL	LOCATION	DD Station	TARGET	ANGLE	AZIMUTH	LENGTH (m)
1	670	North end of CX650	1	Veta Española west continuation, 670L	Hor.	320	70
2	670	North end of CX650	1	Veta Española west continuation, 670L	Hor.	8	70
3	670	North end of CX650	1	Veta 12 de Mayo west continuation, 670L	Hor.	179	85
4	670	North end of CX650	2	Veta Victoria west continuation, 670L	Hor.	129	60
5	670	North end of CX650	2	Veta Victoria west continuation, 670L	Hor.	174	70
6	670	Near East end CX650	3	Veta 12 de Mayo & branches below, 640L	-25	160	200
7	670	XC south 270m E, V. Español	4	Veta 12 de Mayo & branches below, 640L	-25	178	215
8	670	XC south 270m E, V. Español	4	Veta 12 de Mayo & branches below, 640L	-25	155	210
9	670	Veta Español, c.400 East	5	Veta 12 de Mayo below the 640L	-20	148	175
10	670	Veta Español, c.500 East	6	Veta 12 de Mayo below the 640L	-20	154	175
24	670	XC south 270m E, V. Español	4	Veta 12 de Mayo below the 640L	-47	170	210
25	670	Veta Español, c.400 East	5	Veta 12 de Mayo below the 640L	-47	160	230
26	670	Veta Español, c.500 East	6	Veta 12 de Mayo below the 640L	-47	160	255
30	640	North end of CX650	1	Veta 12 de Mayo below the 640L	-55	170.35	180
32	640	North end of CX650	2	Veta Española below the 670L	-50	345	170
						Total 670 Level:	**2375**
11	640	640 Level start from Decline	7	Veta Española west at the 640 Level	Hor.	333	50
12	640	641 Level start from Decline	7	Veta Española west at the 640 Level	Hor.	18	55
13	640	642 Level start from Decline	7	Veta Victoria & branch veins below 640L	-10	180	150
14	640	643 Level start from Decline	7	Veta Victoria & branch veins below 640L	-10	196	185
15	640	644 Level start from Decline	7	Veta 12 de Mayo & branch veins below 640L	-25	158	170
16	640	End of 640 V.Victoria East	8	Veta Española below the 640L	-10	0	120
17	640	End of 640 V.Victoria East	8	Veta Española below the 640L	-10	20	125
18	640	End of 770 winze access East	9	Veta Española below the 640L	-10	346	130
19	640	End of 770 winze access East	9	Veta Española below the 640L	-10	8	130
20	640	From 990 winze access East	10	Veta Española below the 640L	-5	0	170
21	670	640 Level start from Decline	7	Veta Española west at the 640 Level	-47	170	150
22	670	641 Level start from Decline	7	Veta Española west at the 640 Level	-58	170	190
23	670	642 Level start from Decline	7	Veta Española west at the 640 Level	-80	350	80
27	640	End of 640 V.Victoria East	8	Veta Española below the 640L	-78	170	100
28	640	End of 640 V.Victoria East	8	Veta Española below the 640L	-67	350	150
29	640	End of 640 V.Victoria East	8	Veta Española below the 640L	-51	350	120
31	640	End of 770 winze access East	9	Veta Española below the 640L	-46	350	170
33	640	From 990 winze access East	10	Veta Española below the 640L	-47	340	170
						Total 640 level:	**2415**
						TOTAL PROPOSED DRILLING:	**4790**

The cost of the recommended underground 20 hole drilling program together with geological support, and the mining of 10 underground drill bays is summarised in Table 1-3 (line item “Underground Diamond Drilling Program”). It should be noted that this budget is only approximate, as it is not currently possible to go underground and carry out a more detailed examination of the ground and working conditions that will be encountered.

Table 1-6. Proposed underground drilling stations, Bethania Silver Mine.

Preliminary Inspections						Shotcrete Support		
Drill Station	**Safety**	**Feasibility & Excavation Required**	**Ventilation Requirements**	**Remove Timber Support**	***Mine Excavation Required**	**2" Only**	**Includes Mesh in Larger Excavation**	**Daily Inspection Support Condition**
1	X	X	70 m from 670 portal	X	X		?	X
2	X	X	160 m from 670 portal	X	X	?		X
3	X	X	175 m from 670 portal	X	X	?		X
4	X	X	Forced through ventilation	X	X	?		X
5	X	X	Forced through ventilation	X	X		?	X
6	X	X	Forced through ventilation	X	X		?	X
7	X	X	100 m from decline portal	X	X	?		X
8	X	X	Forced through ventilation	X	X	?		X
9	X	X	Mine 42 m vent. connection	X	X		?	X
10	X	X	Mine 42 m vent. connection	X	X		?	X

1.31 Recommended Mine Planning

Now that the Company has completed a mineral resource estimate, it is recommended that trade-off studies be conducted in order to:

1. Determine the most productive and cost-effective way to sink the mine below the 670 Level by continuing the -30 degree decline or mining a vertical shaft, or by ramping down trackless at -8 or -10 degrees.
2. Consider changing the timber support method to the application of shotcrete in most development advances (*see* Figure 16-5, Photos 16-8 to 16-11 which identify defects in timber support previously installed).
3. Consider a stoping method like ascending cut and fill using captive equipment or “rill-shrinkage” which does away with the need for raises every 50 m and only requires around 15% of the raises previously needed for access, ventilation and rock passes in comparison with those previously planned.
4. Consider wider spacing of main levels together with variations on rill-shrinkage where 10 m deep crown pillars are left for more productive long-hole extraction, and sill pillars above the crown pillars are extracted at the same time. If carefully planned and executed, long-hole extraction of pillars can be carried out to widths less than a metre depending upon the wall-rock conditions.
5. Consider all the safety, occupational health and environment aspects that need to be incorporated when changing the mining methodology.

Trade-off studies cannot however be carried out in isolation. It is important to get full access into the mine to gather as much geotechnical data as possible in relation to mining at different widths. This will probably require entire rehabilitation of the 670 Level and drainage and rehabilitation of the 640 Level, its access, and decline shaft which is currently being used as a sump for acid water control.

Mr. Gerardo Acuña Perez estimates that the trade-off studies work program should cost approximately CAD$55,000. The above-mentioned studies are required for future mine planning and developing some of the modifying factors required for converting resources to reserves.

Mine planning costs exclude underground mine care & maintenance (estimated at between CAD$25,000 to CAD$50,000 per month) and underground mine rehabilitation costs (estimated at CAD$370,000).

1.32 Recommended Metallurgical Testwork

Metallurgical testwork will be required in the future but not as part of the Phase 1 work program. As previously documented, the mining method and mine planning needs to be defined to understand what the future mineral-waste ratio and characteristics might be encountered before a metallurgical test work program can be implemented to replicate run of mine conditions.

1.33 Recommended Environmental Studies, Permitting and Community or Social Work

The mine planning work mentioned above requires that the DIA modification submitted on 14 December 2020 is approved. The new components included in the modification include a water treatment plant (to treat residual water) and an area for treating contaminated soils (oils, fuel). The water treatment facility is required to treat acid water in the lower levels of the mine and has to be installed before the mine can be dewatered. Kuya estimates that the water treatment facility will cost CAD$475,000 to install.

In addition, it is recommended that Kuya renegotiate the land usage agreement for the Santa Elena mine concession area which expires in 2022, in order to normalise any verbal community agreements with written agreements.

2.0 INTRODUCTION

At the request of Canadian public company Kuya Silver Corporation ("Kuya", or the "Company", or the "Issuer"), Caracle Creek International Consulting Inc. ("Caracle" or the "Consultant"), a private Canadian geological consulting company, has prepared this technical report and maiden mineral resource estimate as a National Instrument 43-101 ("NI 43-101") Technical Report and Mineral Resource Estimate (the "Report") on the Bethania Silver Project, located in central Peru, about 175 direct kilometres southeast of Lima (Figure 2-1).

Figure 2-1. Country-scale location of the Bethania Silver Project and outline of departments, Peru, South America (source: Orix Geoscience, 2019).

This Report replaces the previous NI 43-101 technical report titled, "Independent Technical Report on the Bethania Silver Project, Department of Huancavelica, Province of Huancavelica, District of Acobambilla, Peru", issued 29 September 2021 and with an effective date of 15 September 2021 (Jobin-Bevans et al., 2021). This Report is the current NI 43-101 Technical Report and Mineral Resource Estimate for the Project.

2.1 Purpose of the Technical Report

This Report was prepared for Kuya in order to provide it with a maiden Mineral Resource Estimate prepared in accordance with NI 43-101 and to also support its ongoing exploration and development work at the Bethania Silver Project. The Report provides an independent review of the data and information related to the Bethania Silver Project, with conclusions about the Project and recommendations for future work.

2.1.1 Background

On 11 June 2020, private company Kuya announced that it had executed a definitive agreement with public company Miramont Resources Corp. ("Miramont"), whereby Miramont would acquire all of the issued and outstanding shares of Kuya pursuant to a three-cornered amalgamation (the "Transaction") in which Kuya will amalgamate with 2757974 Ontario Inc., a wholly-owned subsidiary of Miramont. Following the Transaction, the amalgamated company will be a wholly-owned subsidiary of Miramont, and the new company will change its name to Kuya Silver Corporation.

On 1 October 2020, Kuya announced that it had completed its amalgamation transaction and received final approval from the Canadian Securities Exchange ("CSE"). The Common Shares of Kuya began trading on the CSE on 7 October 2020 under the symbol "KUYA".

On 26 October 2020, Kuya announced that it has reached an agreement to acquire a 100% interest in S & L Andes Export SAC ("S&L"), the owner of the Bethania Silver mine property (Santa Elena mining concession). This agreement effectively replaced Kuya's previous agreement to earn an 80% interest in S&L. Kuya entered into a letter agreement (the "Letter Agreement") with S&L to acquire the additional 20% interest such that, on closing, Kuya would hold a 100% interest in the issued and outstanding securities of S&L.

Pursuant to a share purchase agreement dated 6 October 2017, as amended (the "Share Purchase Agreement"), Kuya had invested US$4.3M towards fulfilling the terms of the Share Purchase Agreement to acquire an 80% interest in S&L, including US$685,000 paid to the owners of S&L. Furthermore, in order to complete the acquisition of the 80% interest in S&L, the Company is required to pay the current owners of S&L an additional cash payment of US$2,815,000 and issue to them 3,670,000 common shares in the capital of Kuya (the "Kuya Shares"). In accordance with the terms of the Letter Agreement, Kuya agreed to acquire the remaining 20% interest in S&L (the "20% Purchase") by making a cash payment of US$1,325,000 and issuing US$425,000 worth of Kuya Shares, subject to the approval of the CSE, using an issuance price equal to the average closing price of the Kuya Shares during the five trading days prior to the

closing of the 20% Purchase and using the CAD/US$ exchange rate on the day immediately prior to the date of closing (*see* Kuya news release dated 26 October 2020).

On 16 December 2020, Kuya announced that through its indirect wholly owned Peruvian subsidiary (Kuya Peru S.A.C., formerly, Aerecura Materiales S.A.C.), it had acquired 100% of the issued and outstanding shares in the capital of S&L. Kuya renamed S&L to Minera Toro de Plata S.A.C. The share purchase agreement disclosed in Kuya's listing statement dated 1 October 2020, to acquire an 80% interest in S&L was amended to include the purchase of the remaining 20% interest of S&L as described in Kuya's press release dated 26 October 2020 (the "Transaction"). The terms for the purchase of the original 80% interest, included cash payments totalling US$3,500,000 and the issuance of 3,670,000 common shares in the capital of Kuya (each a "Common Share") to the owners of S&L. Prior to closing, Kuya paid an aggregate of US$715,000 towards the purchase price. The terms for the purchase of the remaining 20% interest, included a cash payment of US$1,325,000 and US$425,000 in Common Shares, the number of Common Shares issued was calculated on closing, using the 5-day average closing price of the Common Shares on the Canadian Securities Exchange, being CAD$2.09 and resulted in the issuance of 259,288 Common Shares. In total on closing to acquire 100% of S&L, Kuya paid an additional US$4,110,000 and issued 3,929,288 Common Shares.

2.2 Effective Date

The Effective Date of the Report is 6 January 2022, and the Effective Date of the Mineral Resource Estimate is 10 December 2021.

2.3 Qualifications of the Consultants

Table 2-1 provides a list of the section in the Report for which each of the Qualified Persons is responsible. Dr. Scott Jobin-Bevans ("Principal Author"), is the Principal Geoscientist at Caracle Creek International Consulting Inc. (Canada), Mr. Simon Mortimer ("Co-Author"), is a Professional Geologist at Atticus Consulting S.A.C. (Peru), and Mr. Gerardo Acuña Perez ("Co-Author"), is a Professional Mining Engineer and Independent Consultant.

Dr. Scott Jobin-Bevans (P.Geo., APGO #0183), Mr. Simon Mortimer (FAIG #7795), and Mr. Gerardo Acuña Perez (P.Eng., FAusIMM #337049), by virtue of their education, experience, and professional association, are each considered to be a Qualified Person ("QP"), as that term is defined in NI 43-101 and specifically sections 1.5 and 5.1 of NI 43-101CP (Companion Policy).

The Principal Author and Co-Authors (together the "Authors") employed in the preparation of the Report have no beneficial interest in Kuya and are not insiders, associates, or affiliates of Kuya.

The results of the Report are not dependent upon any prior agreements concerning the conclusions to be reached, nor are there any undisclosed understandings concerning any future business dealings between

Kuya and the Consultants. The Consultants are being paid a fee for their work in accordance with normal professional consulting practices.

Table 2-1. Qualified Persons and their responsibilities by section, as per items listed in Form 43-101F1.

Section	Qualified Person
Section 1: Summary	All Authors
Section 2: Introduction	All Authors
Section 3: Reliance on Other Experts	All Authors
Section 4: Property Description and Location	Dr. Scott Jobin-Bevans
Section 5: Accessibility, Climate, Local Resources, Infrastructure and Physiography	Dr. Scott Jobin-Bevans
Section 6: History	Dr. Scott Jobin-Bevans
Section 7: Geological Setting and Mineralization	Dr. Scott Jobin-Bevans
Section 8: Deposit Types	Dr. Scott Jobin-Bevans
Section 9: Exploration	Dr. Scott Jobin-Bevans & Simon Mortimer
Section 10: Drilling	Dr. Scott Jobin-Bevans & Simon Mortimer
Section 11: Sample Preparation, Analyses and Security	Dr. Scott Jobin-Bevans & Simon Mortimer
Section 12: Data Verification	All Authors
Section 13: Mineral Processing and Metallurgical Testing	Mr. Gerardo Acuña Perez
Section 14: Mineral Resource Estimates	Mr. Simon Mortimer
Section 15: Mineral Reserve Estimates	Mr. Gerardo Acuña Perez
Section 16: Mining Methods	Mr. Gerardo Acuña Perez
Section 17: Recovery Methods	Mr. Gerardo Acuña Perez
Section 18: Project Infrastructure	Mr. Gerardo Acuña Perez
Section 19: Market Studies and Contracts	Mr. Gerardo Acuña Perez
Section 20: Environmental Studies, Permitting and Social or Community Impact	Mr. Gerardo Acuña Perez
Section 21: Capital and Operating Costs	Mr. Gerardo Acuña Perez
Section 22: Economic Analysis	Mr. Gerardo Acuña Perez
Section 23: Adjacent Properties	Dr. Scott Jobin-Bevans
Section 24: Other Relevant Data and Information	Dr. Scott Jobin-Bevans
Section 25: Interpretation and Conclusions	All Authors
Section 26: Recommendations	All Authors
Section 27: References	Dr. Scott Jobin-Bevans

2.4 Personal Inspections – Details of Site Visits

Dr. Scott Jobin-Bevans (P.Geo., APGO #0813), visited the Bethania Silver Project for one day on 15 June 2019. The purpose of the personal inspection (site visit) was to observe mine and general Property conditions, surficial geology, underground geology, and mining procedures, proposed sites for the processing plant and related equipment, and sites for any exploration work including historical surface trenching and excavation (past mining), inclusive of associated quality assurance/quality control. During the site visit, a total of five rock samples were collected from five of the main veins, either from surface exposures or from underground workings, and analyzed.

Mr. Simon Mortimer (FAusIMM, FAIG), visited the Bethania Silver Project from the 24 to 27 May 2021 on behalf of Caracle Creek International Consulting Inc. Simon was accompanied by geologist Luis Huapaya, also from Atticus Consulting S.A.C., Lima, Peru. The purpose of the personal inspection was to observe the processes and protocols in place for the collection of geological data – the geological logging, the capture of data in digital format, the selection, taking, and registering of samples, the associated quality assurance/quality control, and the transport and storage of the samples; to visit the drip pads and observe the procedures in place for the extraction of the core and delivery to the logging shed; and to review the drill core, the surface geology and map some of the principal structures, contacts and outcropping veins.

Mr. Gerardo Acuña Perez (P.Eng., FAusIMM #337049), visited the Bethania Silver Project on 19 February 2022 on behalf of Caracle Creek International Consulting Inc. Gerardo was accompanied by Luis Palacios, safety engineer of Minera Toro de Plata S.A.C. (subsidiary of Kuya Silver). The purpose of the personal inspection was to verify vestiges of the old mine, the conditions of the properties and their environments, the accessibility to the site, visual inspection of the components of entrance to the underground, the conditions and other infrastructure that demonstrate in a partial and preliminary basis, a future mining operation.

2.5 Sources of Information

The Report is based in part on internal Company technical reports, production reports, previous studies, maps, published government reports, Company letters and memoranda, and public information as cited throughout the Report and listed in Section 27.

The mining cadastre for Peru was accessed through GEOCATMIN and digital data was acquired through the government of Peru website INGEMMET and other online sources.

The Authors reviewed data and information provided by Kuya, conducted site visits (personal inspections) to confirm the data and mineralization, and reviewed the Bethania Silver Project site. Company personnel and related consultants were actively consulted post and during report preparation and during the mine site Property visits.

2.6 Units of Measure and Abbreviations

Table 2-2 identifies many of the terms and abbreviations used in the Report. All units in the Report are based on the International System of Units ("SI"), except for units that are industry standards, such as troy ounces for the mass of precious metals.

Table 2-2. Terms and abbreviations used in the Report.

Abbreviation or Symbol	Unit	Abbreviation or Symbol	Unit
a	Annum	lb	pound
A	Ampere	l/s	litres per second
bbl	Barrels	m	metre
Btu	British thermal units	M	mega (million); molar
°C	degree Celsius	m^2	square metre
CAD$	Canadian Dollar	m^3	cubic metre
cfm	cubic feet per minute	µ	micron
cm	centimetre	AMSL	above mean sea level
cm^2	square centimetre	µg	microgram
d	Day	m^3/h	cubic metres per hour
Dia	diameter	Mi	mile
Dmt	dry metric tonne	Min	minute
DWt	dead-weight ton	µm	micrometre
°F	degree Fahrenheit	mm	millimetre
ft	foot	mph	miles per hour
ft^2	square foot	MVA	megavolt-amperes
ft^3	cubic foot	MW	megawatt
ft/s	foot per second	MWh	megawatt-hour
g	gram	oz	ounce troy (31.1035g)
G	giga (billion)	oz/t, oz/st, opt	ounce (troy) per ton (short)
gal	Imperial gallon	ppb	part per billion
g/l	gram per litre	ppm	part per million
Gpm	Imperial gallons per minute	Psia	pound per square inch absolute
g/t	gram per tonne	Psig	pound per square inch gauge
gr/ft^3	grain per cubic foot	RL	relative elevation
gr/m^3	grain per cubic metre	RoM	Run of Mine
ha	hectare	s, sec	second
hp	horsepower	st	short ton
hr	hour	stpa	short ton per year
Hz	hertz	stpd	short ton per day
in	inch	t, tonne	metric tonne
in^2	square inch	tpa	metric tonne per year
J	joule	tpd	metric tonne per day
K	kilo (thousand)	tpm	metric tonne per month
kcal	kilocalorie	US$	United States Dollar
kg	kilogram	USg	United States gallon
km	kilometre	USgpm	US gallon per minute
km^2	square kilometre	V	volt
km/h	kilometre per hour	W	watt

Abbreviation or Symbol	Unit	Abbreviation or Symbol	Unit
kPa	kilopascal	Wmt	wet metric tonne
kVA	kilovolt-amperes	wt%	weight percent
kW	kilowatt	yd3	cubic yard
kWh	kilowatt-hour	Yr	year
l	litre		

The currency used is United States Dollars ("US$"), unless specified otherwise. Unless otherwise stated, coordinates are given in WGS84 projected coordinate system (EPSG:32718; suitable between 78°W and 72°W), UTM Zone 18S.

3.0 RELIANCE ON OTHER EXPERTS

The Report has been prepared by Caracle Creek International Consulting Inc. for Kuya Silver Corp. The information, conclusions, opinions, and estimates contained herein are based on:

- Information available to Caracle at the time of preparation of the Report.
- Assumptions, conditions, and qualifications as set forth in the Report.

The Authors have not relied on any report, opinion or statement of another expert who is not a qualified person, or on information provided by the Issuer concerning legal, political, environmental or tax matters relevant to the Report.

Except for the purposes legislated under provincial securities laws, any use of the Report by any third party is at that party's sole risk.

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 Property Location

The Bethania Silver Project, located in the high Andes of Central Peru and about 70 km (direct) southwest of the city of Huancayo, capital city of neighbouring Junín Department, consists of 12 mining concessions situated near the borders of the departments of Huancavelica, Lima and Junín (Figure 4-1 and Figure 4-2; Table 4-1).

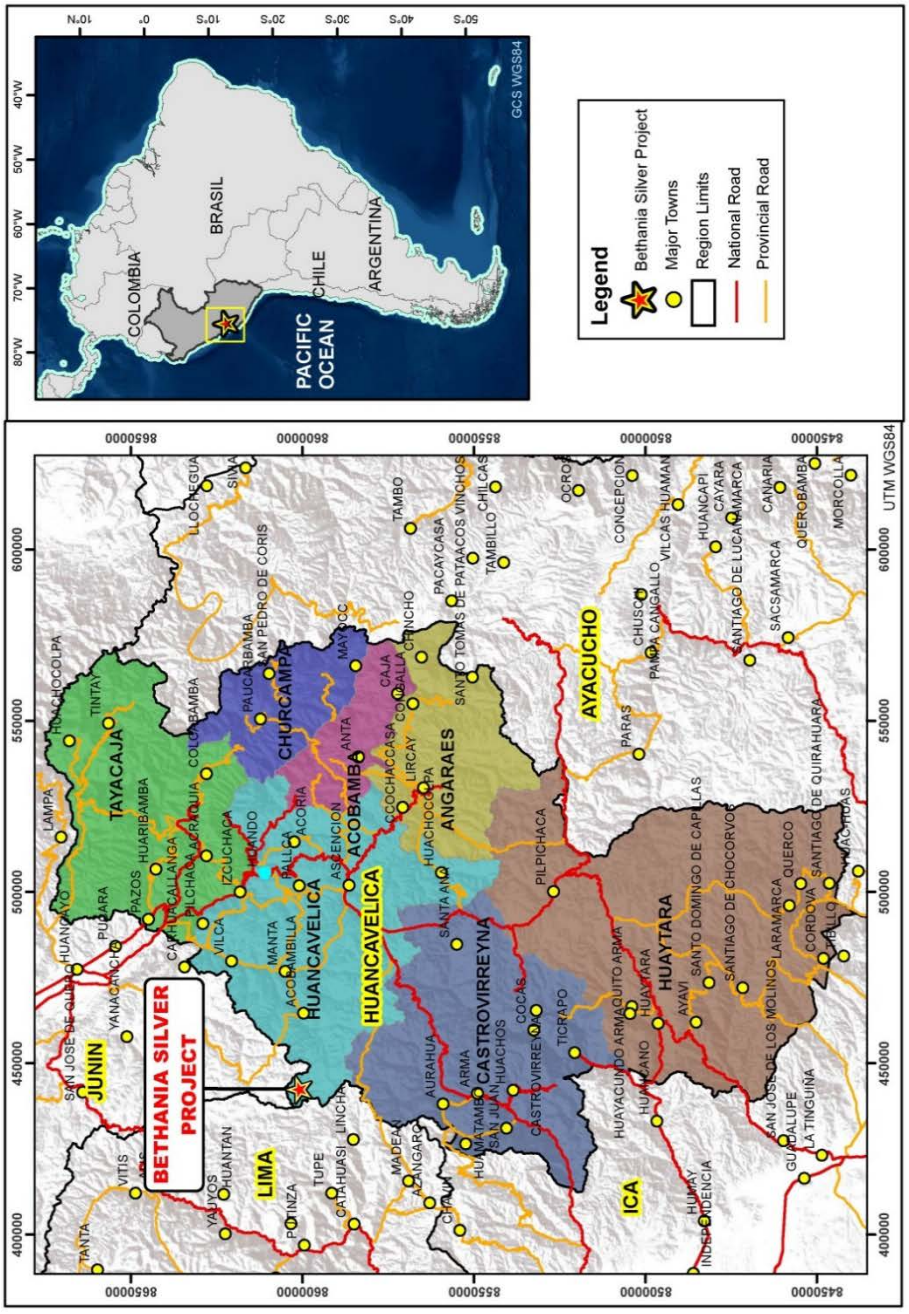

Figure 4-1. Province of Huancavelica, and District of Acobambilla, Peru, South America.

4.2 Land Tenure

The Project comprises 12 mining concessions which are collectively referred to as the Bethania Silver Project (the "Project"). The focus of the Report is the Santa Elena mining concession (the "Property") where the Company is focusing their current work. All concessions are located on topographic map sheet "Tupe 26-L" except Tres Banderas 01, 02, 03 and 04 which are in part located on map sheet "Conaica 26M" to the east.

4.2.1 Mining Concessions and Mineral Claims

The entire Project, 7 titled concessions and 5 mineral claims in Tramite (together the "properties"), covers approximately 4,845 hectares (Table 4-1). Copies of the mineral titles for the 12 properties, as supplied by Kuya, have been reviewed by the Authors. The Issuer owns or has the rights to 100% of the concessions listed in Table 4-1. All mineralization that is the focus of the Report, is located within the Santa Elena mining concession (11020736X01).

Table 4-1. Summary of mining concessions that comprise the Bethania Silver Project.

Name	Ownership	Type	Authorized	Reference	Hectares	Department	Province	District
Santa Elena concession	S&L Andes Export S.A.C.	Titulado	June 10, 1970	11020736X01	45	Huancavelica	Huancavelica	Acobambilla
Chinita I concession	S&L Andes Export S.A.C.	Titulado	March 11, 2010	650006710	200	Lima	Yauyos	Tupe
Tres Banderas 01 concession	Kuya Silver SAC	Titulado	July 5, 2019	010226519	500	Huancavelica	Huancavelica	Acobambilla
Tres Banderas 02 concession	Kuya Silver SAC	Titulado	November 12, 2018	010427218	1000	Huancavelica Junin	Huancavelica Huancayo	Acobambilla Chongos Alto
Tres Banderas 03 mining claim	Kuya Silver SAC	Tramite	November 2, 2020	010188820	900	Huancavelica	Huancavelica	Acobambilla
Tres Banderas 04 mining claim	Kuya Silver SAC	Tramite	November 2, 2020	010188920	100	Huancavelica Junin	Huancavelica Huancayo	Acobambilla Chongos Alto
Tres Banderas 05 mining claim	Kuya Silver SAC	Tramite	November 2, 2020	010188720	700	Huancavelica Junin	Huancavelica Huancayo	Acobambilla Chongos Alto
Tres Banderas 06 mining claim	Kuya Silver SAC	Tramite	November 2, 2020	010188620	400	Huancavelica Lima	Huancavelica Yauyos	Acobambilla Tupe
Tres Banderas 07 mining claim	Kuya Silver SAC	Tramite	November 2, 2020	010188520	200	Huancavelica Junin Lima	Huancavelica Huancayo Yauyos	Acobambilla Chongos Alto Tupe
Carmelita 2005 concession	S.M.R.L. Carmelita 2005	Titulado	May 9, 2005	010111005	400	Huancavelica Junin Lima	Huancavelica Huancayo Yauyos	Acobambilla Chongos Alto Tupe
Carmelita 2005 I concession	S.M.R.L. Carmelita 2005 I	Titulado	June 24, 2005	010199105	200	Huancavelica Junin	Huancavelica Huancayo	Acobambilla Chongos Alto
Carmelita 2005 II concession	S.M.R.L. Carmelita 2005 II	Titulado	July 21, 2005	010230705	200	Huancavelica	Huancavelica	Acobambilla
				Total:	**4845**			

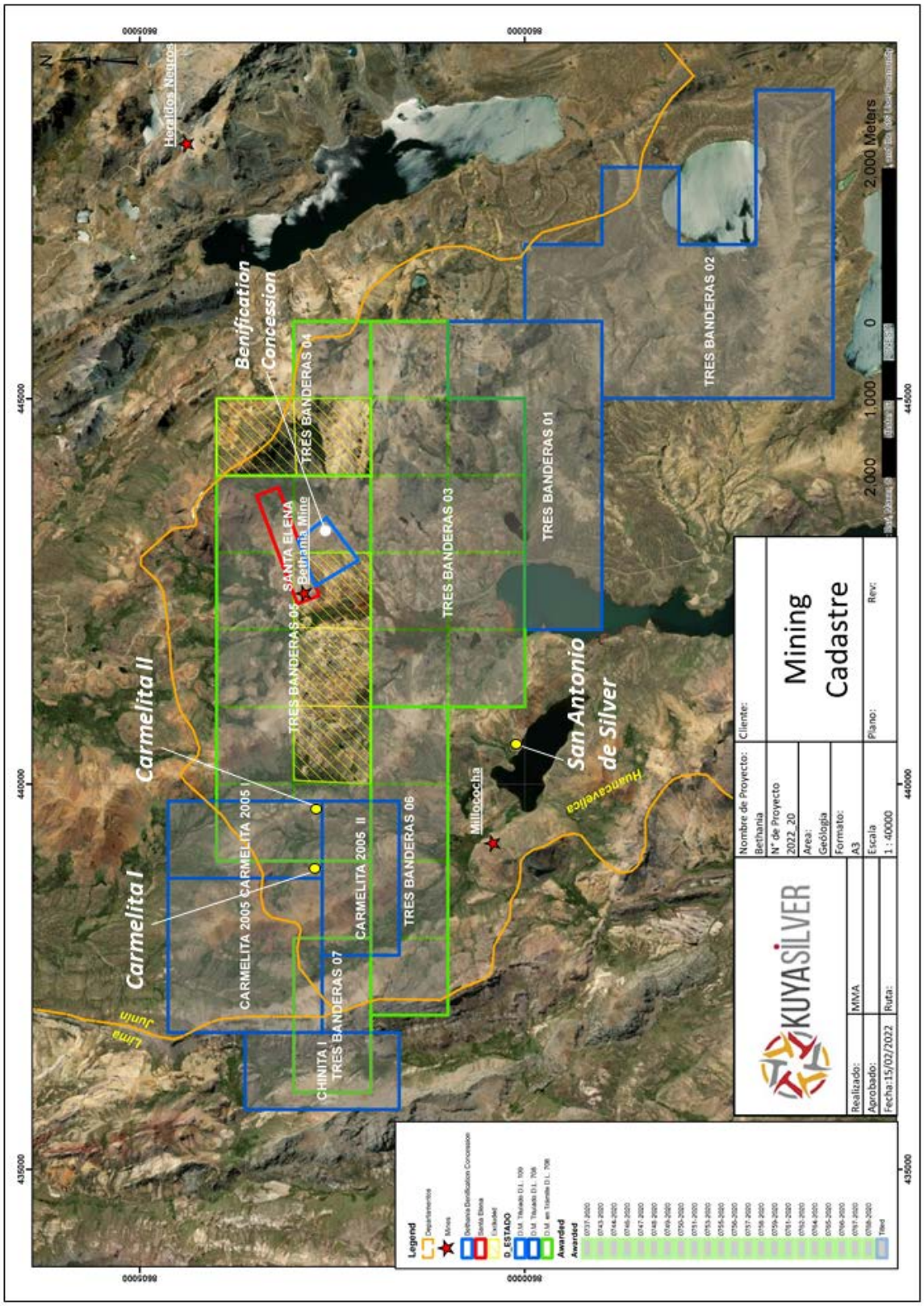

Figure 4-2. Location of the Bethania Mine, historically known as the Mina Santa Elena (red-black star), and all mining concessions, along with mines and deposits in the region of the Bethania Silver Project (*see* Table 4-1). The Santa Elena mining concession is outlined in red, and the excluded areas in hashed yellow.

The main mineralized area that is the focus of the Report, is located within the Santa Elena mining concession (11020736X01). Kuya has not undertaken significant exploration work on the other properties that make up the Project apart from exploration reconnaissance associated with the acquisition of the concessions.

The Santa Elena mining concession, covering 45 hectares (1.5 km x 300 m), is registered to Kuya's wholly owned Peruvian subsidiary S&L Andes Export S.A.C. (now Minera Toro de Plata S.A.C.) (*see* Table 4-1 and Figure 4-2). The Santa Elena concession is licensed as a mining concession and was originally registered in 1970 to cover artisanal and colonial-era pits and workings known at the time, including the historical Mina Santa Elena or Santa Elena Mine, now referred to as the Bethania Mine.

The historical Mina Santa Elena had been operating on and off since 1977, with mineral toll treated in several nearby process plants before it was put on care and maintenance in 2016, due in part to the financial position of S&L at that time. The historical Bethania Mine and related infrastructure are centred at approximate UTM coordinates 442766mE, 8603236mN (PSAD56, UTM Zone 18 South; EPSG:24878) and at about 4,688 metres above mean sea level ("mAMSL").

With respect to the 11 other properties, the Chinita I concession is registered to Kuya's wholly owned Peruvian subsidiary S&L Andes Export S.A.C. (now Minera Toro de Plata S.A.C.), the Tres Banderas 01 to 07 are registered to Kuya's wholly owned Peruvian subsidiary Kuya Silver S.A.C., and Carmelita 2005, Carmelita 2005 I, and Carmelita 205 II were purchased by Kuya Silver S.A.C. but are registered to S.M.R.L. Carmelita 2005, S.M.R.L. Carmelita 2005 I, and S.M.R.L. Carmelita 2005 II, respectively (Table 4-1). Updating of the current information on INGEMMET is in process and will be completed in due course.

Assuming the requisite annual investment is achieved and annual "Derecho de Vigencia" (right of validity) payments are made by June 30 each year, concessions are considered irrevocable. Annual holding costs for the 12 properties is approximately US$14,535.

Concessions that are listed as "Tramite" are "in process", referred to as mining claims, and in general will be converted to "Titulado" (translation = titled) within one year of their respective application dates if the holder is the sole applicant. In the event of multiple applicants, there is a sealed bid auction process to determine the acquirer. The Company is permitted to undertake exploration work on any concessions that are Tramite, while they are in the process of being fully granted (Titulado).

In November 2022, Kuya announced that Kuya Silver S.A.C. had won the rights to mineral claims named Tres Banderas 03 to 07; the status of Tramite (*see* Table 4-1) will be changed to Titulado and the concessions awarded once the process is complete and updated on INGEMMET.

The Authors are not aware of any pending litigation or legal issues or any other issues relating to the Project which would prevent the Company from performing exploration and/or development work on the Project.

4.2.2 Beneficiation Concession

The Project has an approved EIAsd (Directorial Resolution No. 032-0200/GOB.REG.HVCA/GRDE/DREM – issued 21 August 2020) which provides Kuya with the environmental instrument for the location of a 350 tpd capacity process plant and associated infrastructure. The EIAsd outlines the area of the Beneficiation Concession. Kuya has started the process to formally register the EIAsd approved Beneficiation Concession area with the MEM, this is in progress.

4.3 Mining and Environmental Law and Regulations in Peru

Section 20 contains a detailed overview of the legal framework and specific environmental laws and regulations that mining companies need to follow in Peru. Mining law is discussed below.

4.3.1 Mineral Titles

Under Peruvian law, the Peruvian State is the owner of all natural resources which includes the mineral resources in the ground. The rights to explore for and develop these mineral resources are granted by means of the "Concessions System". Mining concessions have the nature of immoveable goods.

In Peru, mineral concessions are granted following receipt of a paper application specifying the coordinates of the claim boundaries, based on UTM Zone 18 South (datum WGS 1984) coordinates. All pre-2016 claims were staked using the PSAD 1956 datum but were subsequently converted to the new WGS 1984 coordinate system. All new concessions must use the new grid and must be at least 100 ha in area. Where new claims overlap with older concessions converted to the new system, the older concession has precedence.

Mining concessions are considered immovable assets and are therefore subject to being transferred, optioned, leased and/or granted as collateral (mortgaged) and, in general, may be subject to any transaction or contract not specifically forbidden by law. Mining concessions may be privately owned and the participation in the ownership of the Peruvian State is not required. Buildings and other permanent structures used in a mining operation are considered real property accessories to the concession on which they are situated.

4.3.2 Ownership of Mining Rights

According to General Mining Law mining concession is irrevocable as long as titleholder fulfils the legal obligations required to maintain it in force. However, the titleholder shall comply with the entire obligation in order to maintain the mining concession valid. General Mining Law provides that mining concessions can be extinguished only by: expiration as a consequence of a failure by a titleholder to pay the mining validity

fee and/or penalties for two years (consecutive or not); abandonment as a consequence of the breach of the mining procedure rules applicable to a mining claim; nullity in the case that a mining concession was claimed by an individual or entities that have restrictions according to the mining law; resignation in the case that the titleholder requests the extinction of the mining right; and, cancellation in the case that a mining concession overlaps with priority rights, or when the right is unassailable.

Pursuant to the General Mining Law, mining rights may be forfeited only due to a number of circumstances defined by law (*i.e.*, non-payment of the maintenance fees and/or noncompliance with the Minimum Production Obligation). The right of concession holders to sell mine production freely in world markets is established. Peru has become party to agreements with the World Bank's Multilateral Investment Guarantee Agency and with the Overseas Private Investment Corporation.

4.3.3 Annual Fees and Obligations

The mining concession shall be maintained by paying validity fees and complying with the corresponding minimum production obligation ("MPO"). Regarding the obligation to pay the validity fees, the price of these administrative fees depends on the condition of the title-holders (small, artisanal, or general regime). Validity fees shall be paid annually to maintain mining concessions in force. The non-compliance of validity fees payment for two consecutive years causes the mining concession to expire.

Pursuant to article 39 of the General Mining Law, title holders of mining concessions pay an Annual Maintenance Fee (Derecho de Vigencia). The Derecho de Vigencia is due on June 30 of each year and is paid once a year in advance and is calculated at US$3.00 per hectare. Failure to pay Derecho de Vigencia for two consecutive years causes the expiration ('caducidad') of the mining concession. However, according to article 59 of the General Mining Law, payment for one year may be delayed with penalty and the mining concessions remain in good standing. The outstanding payment for the past year can be paid on or before the following June 30 along with the future year.

Concession owners must pay US$3.00 per hectare to file each claim, plus an administrative fee. An annual holding fee of US$3.00 per hectare is required to maintain the claims, once granted, for the first six years, after which the owner is assessed at twice the annual rate, in addition to the annual holding fee if the property has not been put into production.

4.3.4 Surface Rights

Mining concessions constitute a different right from surface land over it. Owners of surface lands are not authorised to perform mining activities, unless they have a valid mining concession title granted by the INGEMMET. Surface rights are not included in mineral rights, and permission must be obtained in writing from owners and a two third majority of community members when surface rights are owned by local communities, before commencing drilling activities.

The surface lands in the area of the Bethania Mine belong to the Community of Poroche. The Company has a long-term agreement signed with the Poroche which allows them surface access to the 45 hectares of the Santa Elena concession and the Bethania Mine.

In addition, the Company recently signed an addendum to a previous community agreement to allow the Company to indefinitely access 36.40 hectares of Poroche lands that constitute the EIAsd approved Beneficiation Concession area.

4.3.5 Small-Scale Production

Small title-holders are entities or individuals holding concessions in an area of less than 2,000 hectares with no more than 350 tonnes per day ("tpd") of production and must pay a validity fee of US$1.00 per hectare; artisanal title-holders are entities or persons holding concessions in an area of less than 1,000 hectares with no more than 25 tpd and must pay a validity fee of US$0.50 per hectare; finally the general regime applicable for entities or persons who do not qualify as small or artisanal and the fees are US$3.00 per hectare. Validity fees must be paid annually to maintain mining concessions in force. Non-compliance of validity fee payment for two consecutive years results in the extinction of the mining concession.

The Mining Law obligates mining concessions holders to move into production. Currently, two regimes of minimum annual production exist, depending on the date of the mining concession title. Holders of mining concessions that were granted before 2008 will be obliged to achieve minimum annual production from 2019. The two regimes are as follows:

1. Legislative Decree No. 1054 (granted on June 2008) this regime established that mining concessions holders – qualifying under the general regime - need to reach a minimum annual production, equivalent to one tax unit (approximately US$1,160) per year per hectare. If the holder of mining concession cannot reach such minimum annual production on the first semester of the eleventh year since the year in which the concessions was granted, the holder will be required to pay a penalty equivalent to 10% of the applicable minimum production per year per hectare until the fifteenth year. After the period of 15 years, the mining concessions may remain in force for an additional period of up five additional years in the case of: (i) the holder paying the applicable penalty and securing investments in the mining concession of 10 times the applicable penalty that should be paid; or, (ii) events of force majeure. If the minimum production is not reached after this period has lapsed, the mining concession will inevitably expire.
2. Legislative Decree No. 1320 – (granted in 2017 and in force in 2019) according to this new disposition, mining concessions holders shall reach the minimum annual production, equivalent to one tax unit (approximately US$1,250) per year per hectare. If the holder of a mining concession cannot reach the minimum annual production in the first quarter of the eleventh year since the year in which the concession was granted, the holder will be required to pay a penalty equivalent to 2% of the applicable minimum production per

> year per hectare until the fifteenth year. If the holder cannot reach the minimum annual production in the first quarter of the sixteenth year since the year in which the concessions was granted, holder will be required to pay a penalty equivalent to 5% of the applicable minimum production per year per hectare until the twentieth year. If the holder cannot reach the minimum annual production in the first quarter of the twentieth year since the year in which the concessions was granted, the holder will be required to pay a penalty equivalent to 10% of the applicable minimum production per year per hectare until the thirtieth year. Finally, if the holder cannot reach the minimum annual production until during this period, the mining concession will be automatically expired.

Kuya, whose Santa Elena concession is 45 ha, was previously permitted as a less than 350 tonnes per day producer and as such would be considered a "Small Mining Producer" ("PPM"), requiring them to pay a validity fee of US$1.00 per hectare (US$44.90 payable annually).

However, as of 5 May 2021, Minera Toro de Plata S.A.C. lost its PPM status as it incorporated a foreign investor on 15 December 2020. As a result, since 5 May 2021, Minera Toro de Plata S.A.C. is regulated under the General Mining Regime.

Working under the General Mining Regime incorporates a higher level of scrutiny and compliance through central government entities such as the Ministry of Energy and Mines, the Environmental Evaluation and Regulator Regime, Mining Investments Regulatory Regime, and the National Environmental for Sustainable Investments Service, among others as opposed to the PPM which was supervised by local authorities.

4.3.6 Permitting and Regulatory

Exploration and mining activities on the Santa Elena concession are subject to various Peruvian mining laws, regulations and procedures guided by the Peruvian Political Constitution. Mining Activities in Peru are subject to the provisions of the Uniform Code of the General Mining Law ("General Mining Law"), which was approved by Supreme Decree No. 014-1992-EM (4 June 1992) and its subsequent amendments and regulations, along with other related supreme decrees, laws, directives, and ministerial resolutions. Kuya has obtained a number of permits and licences related to the Santa Elena concession and planned Concentrator Plant along with several permits and licences that are pending approval (*see* Section 20).

Kuya has the main permits required to support a mining and processing operation of 350 t/d. The environmental permits have been issued through two separate environmental permitting instruments, an Environmental Impact Declaration (DIA) for underground mine and associated infrastructure and a Semi detailed Environmental Impact Assessment (EIAsd) for the process plant, TSF and associated facilities.

Permits have been granted to the various owners of the Property since the implementation of the first Peruvian environmental regulations, and these have been transferred to successive owners through corporate acquisition and/or property sale.

The mine area was approved through a DIA and modifications (Santa Elena concession) and the process plant area, TSF and associated infrastructure was approved through an EIAsd (Bethania Plant Beneficiation Concession area, approved in an EIAsd and awaiting formal registration with the MEM of the concession area).

The DIA for the mine area was approved through Directorial Resolution No.102-2009-DIA – issued 3 November 2009. The DIA approved the exploration and exploitation of the mineral within the Santa Elena concession. The DIA has been modified a number of times with the last major modification taking place in 2017 which incorporated updating environmental impacts of the mining activities and how the company proposed to manage, prevent, mitigate, control, and monitor the mining operation. The DIA was also used as the basis for an approved ITS (Regional Directorial Resolution No. 005–2021/GOB–REG–HVCA/GRDE–DREM) for the construction of 20 drill platforms and associated works related to drilling activities undertaken in 2021 which are the subject of this report. In addition, the mine has an approved mine closure plan, Regional Directorial Resolution No. 107–2018/GOB–REG–HVCA/GRDE–DREM, issued 5 December 2018. This resolution approved the Mine Closure Plan (temporal or definite closure) of the Santa Elena mine (Bethania Mine). Kuya is currently in the process of modifying the DIA presented in 2017 to include new components (water treatment plant to treat residual water and an area for treating contaminated hydrocarbon soils). The application was submitted on 14 December 2020 and is in process.

The EIAsd for the process plant area was approved through Directorial Resolution No. 032-0200/GOB.REG.HVCA/GRDE/DREM – issued 21 August 2020. The components approved in the EIAsd comprised approval of the Beneficiation process plant, tailings facility and associated infrastructure.

Environmental liabilities identified in the DIA recorded liabilities on site which consisted of:

- Abandoned underground workings including stopes, mine level entrances, development drives, crosscuts and raises.
- Abandoned buildings and instillations including stockpiles (waste and mineral).
- Disturbed areas such as accesses to the historic mine workings.

The remediation of the areas identified have been included in the mine closure plan approved through Regional Directorial Resolution No. 107–2018/GOB–REG–HVCA/GRDE–DREM.

No closure plan exists for the Beneficiation Concession as this has yet to be submitted for approval. Under normal circumstances Kuya would have had one year from the date of approval of the EIAsd to submit their mine closure plan. However due to COVID-19 a law was passed extending the period which mining companies have to submit supporting documents to relevant authorities.

The Company has developed and maintains good positive relationships with the Project's stakeholders, including land usage agreements with the local community of Bethania which include:

3. Usage of the land within the Santa Elena mining concession (45 ha). The current agreement expires on 31 August 2022. Kuya does not foresee any problem extending the land usage agreement considering the history of previous agreements undertaken.
4. Usage of the land within the Bethania Plant Beneficiation Concession area. The current agreement was signed on 21 August 2019 and increased the land usage area to 36.40 ha for an indefinite period. The contract includes fixed yearly payments and a royalty of US$0.75 (excluding tax) for every tonne treated.

Other agreements include a verbal agreement for water usage and an agreement to rent a house in the local community.

4.3.7 Ground Disturbance: Drilling and Trenching

Companies must obtain a government permit prior to commencing any drilling or major earth moving programs, such as road, drill pad construction or trenching. Depending on the scale of work intended, exploration programs must be presented to the Ministry of Mines, which then will grant an approval to initiate activities provided the paperwork is in order. All major ground disturbances must be remediated and re-contoured following completion of the work activities.

Kuya had secured its drilling permit for their recently completed Phase 1 diamond drilling program (*see* Section 10). Any future drilling programs will require a new drilling permit.

4.4 Taxation and Foreign Exchange Controls

The Tax Administration Superintendent is the entity empowered under the Peruvian Tax Code to collect federal government taxes. The Tax Administration Superintendent can enforce tax sanctions, which can result in fines, the confiscation of goods and vehicles, and the closing of a taxpayer's offices.

The corporate tax rate in Peru is 29.5%, personal income tax is 39%, and withholding tax for dividends paid to non-resident companies is 5%, subject to existing tax treaties between the countries involved in the transaction. There are currently no restrictions on the ability of a company operating in Peru to transfer dividends, interest, royalties or foreign currency into or out of Peru or to convert Peruvian currency into foreign currency.

Temporary Net Assets Tax, which applies to companies' subject to the General Income Tax Regime, imposes a 0.4% tax on any asset exceeding one million Peruvian soles (approximately US$305,000). Taxpayers must file a tax return during the first 12 days of April and the amounts paid can be used as a credit against Income Tax. Companies which have not started productive operations or those that are in their first year of operation are exempt from the tax.

The general rate of Value Added Tax ("VAT") is 18% (16% of VAT itself plus 2% of municipal promotion tax). VAT is applicable to (1) Sale of goods within the country; (2) Rendering or first use of services within the country; (3) Construction contracts; (4) The first sale of real estate made by constructors; and (5) Import of goods. For all transactions, the vendor is subject to VAT, except in the case of importation of goods or services rendered abroad, but economically used within Peru, for which VAT is self-assessed by the importers and users, respectively. The VAT law follows a debit/credit system, and input VAT may be offset by output VAT. Should excess input VAT be obtained in a particular month, it shall offset output VAT obtained during the following months, until it is exhausted.

4.5 Royalties, Agreements and Encumbrances

Mine production in Peru is subject to a Royalty, payable to the Peruvian government. This Royalty is based on a percentage of the sale value of the minerals being exploited, ranging between 1% and 3% (Table 4-2).

As part of an agreement with the local community for use of the Beneficiation Concession area (process plant and TSF), Kuya agreed to pay a fixed sum and a royalty of US$0.75 (excluding tax) for every tonne treated. Further details on this agreement and other agreements with the communities can be found in Section 20.

Table 4-2. Production royalties payable to the government of Peru.

Total Mineral Sales	Royalty Payable
<US$60M	1.00%
US$60M to <US$120M	2.00%
≥US$120M	3.00%

There are no other production royalties attached to the properties.

4.6 Environmental Liabilities

The concept of "mining environmental liability" ("pasivo ambiental minero") in the Peruvian mining legal framework specifically refers to the facilities, runoffs, emissions, or remains of former mining operations that, by July 2004 (when the relevant law entered into force), had been abandoned or were inactive and entailed environmental or health hazards.

Peruvian environmental law sets out the general environmental liability rule that the one harming or potentially harming the environment is the one liable for such harm, and thus is the one obliged to prevent, mitigate, repair, or offset such damage. In the same manner, the legal framework on "mining environmental liabilities" sets out the general liability rule that whoever caused a "mining environmental liability" is responsible for its clean up.

Kuya is only responsible for the liabilities within the Santa Elena concession which are documented in their approved mine closure plan and any future impacts caused through mining of the deposit.

4.7 Other Significant Factors and Risks

Aside from the recent change of government and related changes in policy, Peru's mining industry is highly regulated, and the permitting and reporting requirements for a mineral project can be complex, with several government agencies involved at different stages of development. As Kuya manages the permitting process for the Project, it may be required to delay and/or modify certain aspects or portions of the Project in order to meet all applicable requirements. These delays and/or changes to the Project could range in materiality from minor to significant.

The Authors are not aware of any other significant factors and risks that may affect access, title, or the right or ability to perform the proposed work program on the Project or the Property.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The Bethania Silver Project is located in the high Andes of Central Peru, in the very northwest area of Huancavelica Department, about 316 km by road from Peru's capital city of Lima (*see* Figure 2-1, Figure 4-1, and Figure 4-2). The Project is near the triple junction of the three departments of Lima, Junin and Huancavelica.

5.1 Property Access

It is possible to drive to the Property via the Pan Americana Highway South (Route 1S) from Lima, exiting eastward at Canete/San Vicente (exit 132) toward Route 24, travelling Route 24 to LM-936 and then onto Road 128 north to Bethania (Figure 5-1). This drive covers about 316 km and takes about 6.5 hours to complete. Alternatively, it is possible to fly from Lima to Jauja (Jauja is about 50 km or a one-hour drive from Huancayo) and then drive southwest to the Property via Huancayo (about 4 hours).

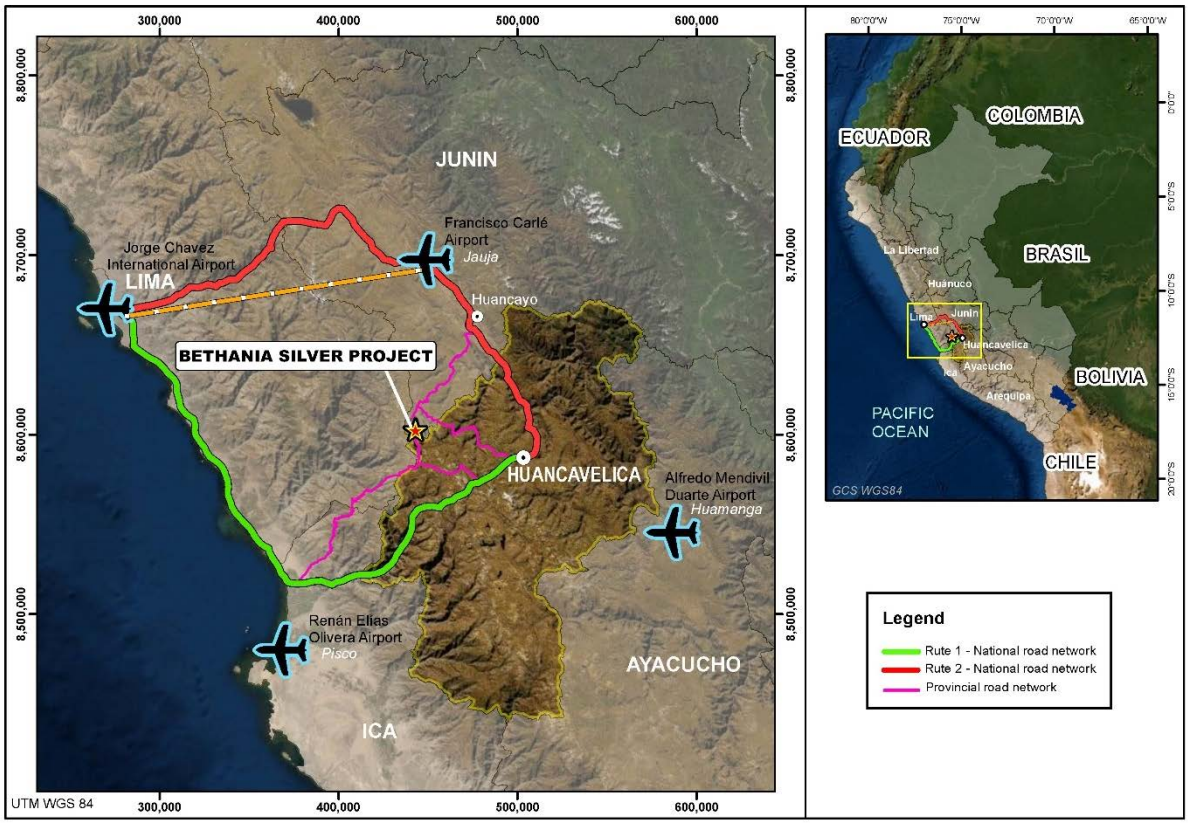

Figure 5-1. Various access routes to travel to the Bethania Silver Project from Lima, Peru.

From Huancayo it is about 120 km to the small village of Bethania, first along a well-maintained paved road to the village of Vista Alegre (~1 hour) and then secondarily along a gravel road that winds its way through

the interior to the Property. The drive from the city of Huancayo to the Bethania Mine takes about 3.5 to 4.0 hours and is best accomplished in a 4x4 truck.

5.1.1 Community Agreements and Access

The Project is located in the community of Poroche, District of Colonia, Province of Yauyos in Huancavelica. The community in the area of influence of the mining project numbers approximately 100 persons.

For the 'Estudio de Impacto Ambiental Semidetallado ("EIAsd") two separate community participation workshops were undertaken, the first on 23 April 2019, and the second on 8 June 2019, with both workshops attended by 31 people. Both meetings were attended by representatives of the local community, the company, its consultants and the DREM of Huancavelica.

The community is served by the small town of Bethania which is located <500 m to the west of the Santa Elena mining concession boundary. The community has been exposed to small-scale mining since the 1970s and has a good working relationship with Kuya.

The community of Poroche have signed two principal land usage agreements with the company, the first to access and undertake mining and construction activities for the area of the mine (Santa Elena concession - 45 ha) and the second to access, undertake construction and processing activities for the area of the process plant, TSF and associated infrastructure (Bethania Plant Beneficiation Concession – 36.40 ha). These contracts have been modified over time through addendums and can be summarised as follows:

- The first land usage agreement for the area within the Santa Elena mining concession (45 ha) was signed between the community of Poroche and S&L Andes Export S.A.C. on the 23 July 2013 and covered a period of 6 years. Addendums were added to the contract in 2014, 2015, 2018, 2019 and 2020. The last addendum signed on 26 October 2020 mentioned that the current addendum was for the company to carry out work associated with exploration, care and maintenance, rehabilitation, preparation, development, studies, and construction. The current agreement addendum expires on 31 August 2022. Kuya does not foresee any problem extending the land usage agreement considering the history of previous agreements undertaken.
- The second land usage agreement for the process plant, TSF and associated infrastructure (Beneficiation Concession was signed between the community of Poroche and S&L Andes Export S.A.C. on the 6th of November 2013 with an effective period from 19 October 2013 to 18 October 2019 (6 years). The original contract provided the company with an area of 10 ha in which to locate the processing plant, TSF and associated infrastructure. This contract has one addendum signed on 21 August 2019 which increased the land usage area to 36.40 ha for an indefinite period. The contract includes fixed yearly payment and a royalty of US$0.75 (excluding tax) for every tonne treated.

In addition to the land usage agreements:

- Kuya has a verbal water usage agreement with the local community. This water usage agreement allows Kuya to use water for exploration, dust suppression and similar activities. This agreement needs to be formalised in a written document.
- Kuya rents a house in the local community to support exploration activities. Kuya upgraded the house to be fit for purpose and will return it to the local community when the site wide infrastructure is implemented. The rental agreement runs from 19 October 2020 to 18 October 2023.

Kuya and previous owners have advanced well with the permitting required for the Bethania mining project and have good relations with the local community. The local community have a vested interest in the mining project succeeding as they will receive US$0.75 (excluding tax) for every tonne treated through the Bethania process plant.

5.2 Climate and Operating Season

Climate is seasonal with heavy rains typically falling between November and March but does not hinder operations which can be year-round in some capacity. Average annual temperatures in Huancavelica, about 60 km southeast of Bethania and at 3700 m AMSL, are shown in Figure 5-2.

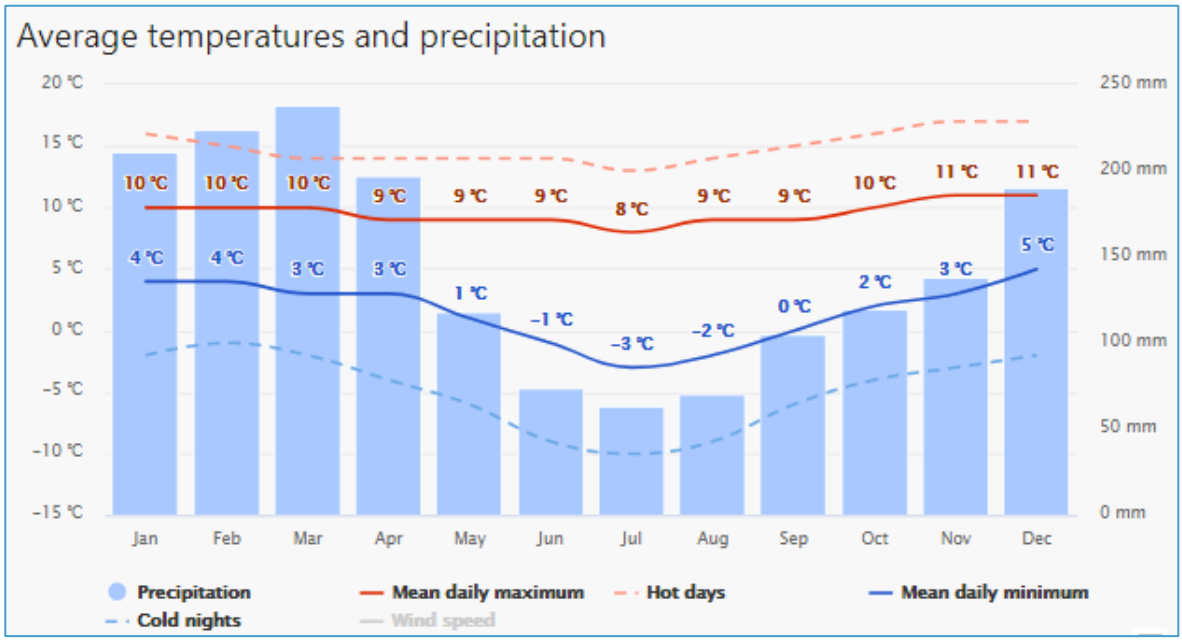

Figure 5-2. Average annual temperatures and precipitation in Huancavelica Department, Peru (online source: meteoblue.com).

There is a difference of 137 mm of precipitation between the driest and wettest months and the variation in temperatures throughout the year is 2.6 degrees Celsius.

5.3 Local Resources and Infrastructure

Huancayo (3,259 m AMSL), with a population of approximately 456,250 (2017 census) and Huancavelica (3,676 m AMSL), with a population of approximately 49,570 (2017 census), are the nearest significant population centres. These cities offer a range of goods and services, education institutions, and workers well-experienced in mineral exploration and mining (*see* Figure 4-1).

S&L rents some of the buildings in the village of Bethania for accommodation and office space but also have offices and warehouses set up near the mine site itself. Permitted installations include a wastewater pond, fuel storage and explosives magazine.

5.3.1 Water Rights

The Company through S&L has been granted a water permit by the National Water Authority (dated 11 April 2012) and which is subject to an annual fee of approximately 300 soles (US$91.00).

Mining industry demands a great percentage of water to develop its activities (such as mineral processing, dust suppression, mud transportation and employee's needs). As a consequence of that, the Peruvian mining industry has focused its efforts on being appreciated as an activity that makes sustainable use of resources and the environment, including the preservation of water sources.

The National Water Authority ("ANA") is the entity assigned to the Agriculture Ministry and responsible for granting water rights. The corresponding water rights are the following: (i) licence: it is the right granted in order to use the water to a certain aim and in a determined place, and will be valid until the activity for which it was granted subsists (*i.e.*, beneficiary concession); (ii) permission: it is the right granted in surplus water periods, by which the use of water is eventual and temporal; and (iii) authorisation: this is a right granted only for a period of two years – extended for an additional year – for the execution of studies, construction and land wash (*i.e.*, mining projects). None of these are unlimited nor indefinite. In order to maintain valid water rights, their beneficiary must fulfil certain duties, the main ones being: (i) payment of retribution, water tariff and any other economic obligation; and (ii) allocating the use of water according to the water right requested.

According to the law governing hydrology usage, the water rights cannot be transferred or mortgaged. However, in case the titleholder of the activity or of the surface land who is also the beneficiary of a water right change, the new title holder will be able to initiate a simple procedure to obtain the corresponding water right needing only two requirements: (i) a document that accredit the title in favour of the new one and (ii) accomplish with the payment of the economic retribution.

5.3.2 Electricity

Approximately 9% of Peruvian territory is supplied with electrical power, however, if energy supply does not reach mining facilities or if the supply is deficient, it is possible for the mining facilities to generate their

own energy supply in order to perform their activities. If the power generated is not over 500 kW, it can be made freely without authorisation. If the power is over 500 kW it will need the authorisation (in the case of thermoelectric generation) or an electrical concession (in case the electric power is generated with renewable natural resources) from the Ministerio de Energia y Minas ("MINEM").

The Bethania Silver Project does not have any existing power lines with the closest being 5 km and 8 km away. In the past, the mine has relied on diesel generators to provide the necessary electrical requirements.

5.4 Physiography

The Bethania Silver Project is characterised by gently rolling topography between 4,691 and 4,858 m AMSL. Hillsides can be barren of vegetation or populated by short grasses and bushes, valley bottoms are typically more densely vegetated. Transient grazing of various animals is the only recognised farming activity in the area of the Project.

There are several large lakes in the region, some connected by seasonal and/or year-round river systems, including Coyllococha and Huichicocha (north of the Project), Acchicocha (east of the Project), and Huarmi Chocha, Ujujuy, Millococha, Nahuincocha, Shucullococha, and Astococha (south of the Project).

6.0 HISTORY

Local verbal information indicates that small scale mining of silver veins at the Mina Santa Elena (later renamed Bethania mine after the local small town), and in the surrounding region, was first carried out in Colonial times by Spanish explorers.

More modern exploitation of these veins began in 1977 but was suspended in the 1980´s due to political issues in Peru (*i.e.*, terrorism), and subsequently re-started in 2008, and continuing until mid-2016.

Although modern day production at the Mina Santa Elena began in 1977, the earliest confirmed ownership of the Property comes from a 1988 technical report by Minero Bank of Peru, which points to the owner as engineer Heraclio Lopez. This report also refers to a regional study carried out by Minero Bank in 1977 that examined the Bethania – Huarmicocha areas including the historical Santa Elena Mine. The 1988 report by Minero Bank described exploration in the region as minimal and production from the Mina Santa Elena as small-scale, implicating the lack of a nearby concentration plant as the main reason for the mine remaining small. Production methods at this time focused on high-grade, selective mining of the veins.

In 1989, the Property was purchased and transferred to company S&L Andes Export S.A.C., owned by the Soria family (Peru). Historical surface and underground exploration on the Property by S&L (2008-2016) was limited to geological and structural mapping, and rock sampling, trenching, and sampling, and the drilling of short “pack sack” drill holes. The general locations and projections of some of these packsack drill holes are shown on historical mine level plans but no other data or information on this drilling is available.

On 16 December 2020, Kuya announced it had acquired 100% of the Bethania Silver Project from S&L and renamed S&L to Minera Toro del Plata S.A.C. (wholly owned Peruvian subsidiary of Kuya). Aerecura Materiales S.A.C., a current registered holder of some of the adjacent concessions that make up the Bethania Silver Project, was renamed Kuya Silver S.A.C. (a wholly owned Peruvian subsidiary of Kuya).

No other surface exploration is known to have been completed on the Santa Elena concession prior to Kuya taking over the Property.

6.1 Historical Mine Production

S&L has provided documentation on underground exploration and development of the veins in the historical Mina Santa Elena, now named the Bethania Mine (*e.g.*, Milla and Osorio, 2016). Exploration for vein extensions, vein splays and new veins was a continuous part of the mining plan/program at the historical Mina Santa Elena.

However, it is later indicated that not enough mine preparation work had been completed once the known mineralization was becoming worked out down to the bottom producing 4670 level at the 4690 m AMSL, even though there were good indications that mineralization continues in depth.

This and a cessation of toll treatment at Azulcocha mine forced the owners to put the mine on care and maintenance in mid-2016. Table 6-1 summarises the recorded mine production from 1977-2016. The grades are typical of many of the small narrow silver vein mines in Peru.

Table 6-1. Summary showing the historical Bethania Mine mined tonnes and grades (1977-2016).

YEARS >>>	1977-88	2008-09	2010	2011	2012	2013	2014	2015	2016	1977-2016
Operating	Sierra	San	S&L Andes S.A.C.							Totals
company	Nevada	Antonio								
Production tonnes	12,700	11,390	4,100	6,890	9,136	21,500	28,789	17,885	2,717	115,107
tonnes/day*			16	28	37	86	115	72	11	
Ag (Oz/t)	16.18	14.88	20.17	25.61	21.32	14.39	13.1	16.33	9.63	15.93
%Pb	4.3	6.98	10.2	8.51	7.69	3.31	2.07	4.05	3.51	4.5
%Zn	3.93	2.09	1.4	2.9	3.26	2.3	1.99	2.89	1.29	2.53

*Note: Average daily tonnage based on 250 working days per year.

It should be noted that the mine reached a peak in production during 2014, after which production rapidly decreased as most of the mineral above the bottom producing 4670 Level became worked out. In 2016, mine sections and plans show that production came from remnants and the start of development and stoping at the 4640 Level via two 30 m deep winzes and the start of an -30 degree decline shaft.

6.2 Historical Mineral Resource and Mineral Reserve Estimates

S&L calculated its own internal mineral resources and mineral reserves estimates (Milla, 2016a; Milla and Osorio, 2016) for planning purposes, and at times to promote investment in the mining operation. Estimates made on six (6) veins by Milla (2016a) are summarized in Table 6-2 and Table 6-3.

Table 6-2. Historical Mineral Resources, Bethania Mine, March 2016 (Milla, 2016a).

RESOURCES Category	Tonnes (t)	Ag (oz/t)	Pb (%)	Zn (%)	Cu (%)	Ag (contained oz)
Measured	67,710	15.94	4.39	2.50	0.25	1,190,033
Indicated	260,528	15.96	4.46	2.50	0.25	4,583,063
Inferred	132,964	14.98	4.94	2.94	0.30	2,195,573
					Total (Mea+Ind):	**5,773,096**
					Total (Inf):	**2,195,573**

Table 6-3. Historical Mineral Reserves, Bethania Mine, March 2016 (Milla, 2016a).

RESERVES Category	Tonnes (t)	Ag (oz/t)	Pb (%)	Zn (%)	Cu (%)	Ag (contained oz)
Proven	67,710	15.94	4.39	2.50	0.25	1,190,033
Probable	41,444	15.28	4.73	2.96	0.27	698,243

These historical estimates were prepared by Dionicio Milla Simon (Geological Engineer), as documented in a report titled, “Mina Santa Elena Estimacion de Recursos y Reservas Minerales”, dated March 2016, and were calculated using simple block modelling for partially developed and measured stope blocks and larger indicated and inferred resource blocks extended in depth, using sampling data collected along the backs of the development levels.

Development on veins was methodically and consistently sampled and assayed for Ag, Pb and Zn, and the width of each vein sample and location is recorded. Copper was assayed only intermittently, and more sampling is required in order to include copper in any future mineral resource or mineral reserve estimates. No cut-off grade was provided, but a specific gravity (density) of 3.0 and a dilution factor of 5% were applied.

Mineral reserve estimates considered mineralized material that was immediately accessible above and below existing mine workings and was calculated exclusive of mineral resources.

Although the historical estimates were completed using the classification set out in sections 1.2 and 1.3 of NI 43-101 and following the guidelines of the CIM Definition Standards on Mineral Resources and Mineral Reserves, they are not considered current resources and are not consistent with NI 43-101 as they lack up-to-date sampling, sample preparation and assaying QA/QC support, and their estimation limits determined through robust geostatistical estimation. There are no recent estimates or data available to the Company with respect to these historical estimates.

It should be noted that the Measured resources category in Table 6-2 converts to the Proven reserves category without change, and that 84% of the tonnages stated in Tables 6-2 and 6-3 comes almost equally from the two main veins, Veta 12 de Mayo and Veta Española. In addition, in comparing Table 6-2 to Table 6-3, the estimated Measured/proved mineral grades are very similar to the actual mine grades. However, Indicated, and Inferred tonnage estimates may be much lower because prior to 2021, no diamond-drilling had been carried out to confirm down-dip continuation of the veins.

Verification of the historical mineral resource and reserve estimates would require systematic diamond drilling in the area of the historical estimates in order to generate a statistically significant number of samples of the historical resource and reserve blocks. Future mineral resource and reserve estimates would also benefit from the re-sampling of the bottom 4640 Level of the mine.

A qualified person has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves and Kuya is not treating the historical estimates as current mineral resources or mineral reserves.

Investors should not therefore rely on the historical estimates as current mineral resources or mineral reserves until they have been verified and supported in a technical report in accordance with NI 43-101. Furthermore, the conversion of mineral resources to mineral reserves requires a mine plan, and there is at present no workable mine plan.

6.3 Historical Toll Processing Information

During the period 2013-16 in-mine selected high grade mineral was either trucked to the nearby Heraldos Negros (San Valentin) plant for toll treatment or trucked to a storage yard in Huancayo from which it would be trucked to other plants at greater distance.

Table 6-4 records the monthly production reported to the Ministry of Energy and Mines for the period 2013-2018. This indicates toll treatment during most months up to near the end of 2015, and then only January, February, and a smaller shipment in August. Table 6-5 records the toll milling tonnes treated and recoveries (lead-zinc concentrates) from 2013 to 2016.

Table 6-4. Monthly production reported to the Ministry of Energy and Mines for the period 2013-2018.

Kg.Ag	J	F	M	A	M	J	J	A	S	O	N	D	TOTAL	TOTAL OzAg
2013	0	828	622	622	942	575	889	267	642	700	856	613	7556	242,932
2014	627	569	0	602	0	724	810	939	1471	874	1130	659	8405	270,228
2015	421	854	765	283	228	435	530	735	542	0	945	0	5738	184,481
2016	627	384	0	0	0	0	0	350	0	0	0	0	1361	43,757
														741,398

Tonnes Pb	J	F	M	A	M	J	J	A	S	O	N	D	TOTAL	TOTAL
2013	0	66	46	46	56	43	70	25	61	55	96	72	636	1,608
2014	70	57	0	31	0	41	47	47	68	35	48	32	476	
2015	22	38	44	29	23	46	59	68	65	0	86	0	480	
2016	50	38	0	0	0	0	0	46	0	0	0	0	134	

Tonnes Zn	J	F	M	A	M	J	J	A	S	O	N	D	TOTAL	TOTAL
2013	0	64	35	35	34	22	24	15	23	20	29	31	332	1,128
2014	26	32	0	34	0	41	36	39	46	39	56	37	386	
2015	27	46	62	19	27	30	34	52	39	0	58	0	394	
2016	28	18	0	0	0	0	0	8	0	0	0	0	54	

Table 6-5. Summary of toll milling tonnes treated and recoveries (lead-zinc concentrates) 2013 to 2016, Bethania Mine.

Process Information					Recovery (Lead Concentrate)							
Year	Deliveries	Plant	Delivered (t)	Lead Concentrate (t)	Ag (oz)	%R	Pb (t)	%R	Zn (t)	%R	Cu (t)	%R
2013	11	Minera Peru Sol - Huari Minera San Valentin - Yauyos	20,235.10	1,331.69	207,405.85	87.84	587.48	92.91	135.01	42.55	-	-
2014	50	Minera San Valentin - San Pedro	24,753.65	1,023.83	253,052.08	85.55	485.93	89.20	58.56	28.58	2.85	74.15
2015 2016	43	Minera San Valentin - San Pedro Mina Azulcocha Zinc	16,620.50	843.22	187,528.92	83.01	539.94	93.83	65.56	14.97	28.68	73.18
		Totals:	**61,609.25**	**3,198.74**	**647,986.85**		**1,613.35**		**259.13**		**31.53**	

Process Information					Recovery (Zinc Concentrate)							
Year	Deliveries	Plant	Delivered (t)	Zinc Concentrate (t)	Ag (oz)	%R	Pb (t)	%R	Zn (t)	%R	Cu (t)	%R
2013	11	Minera Peru Sol - Huari Minera San Valentin - Yauyos	20,235.10	351.88	6,513.13	2.76	12.11	1.92	123.82	39.02	-	-
2014	50	Minera San Valentin - San Pedro	24,753.65	661.11	19,230.60	6.68	16.45	3.27	325.58	63.79	4.57	8.76
2015 2016	43	Minera San Valentin - San Pedro Mina Azulcocha Zinc	16,620.50	626.76	21,165.26	9.17	8.49	1.56	322.40	75.54	4.65	11.65
		Totals:	**61,609.25**	**1,639.75**	**46,908.99**		**37.05**		**771.80**		**9.22**	

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7.0 GEOLOGICAL SETTING AND MINERALIZATION

7.1 Regional Geology

The Bethania Silver Project is located over the Cordillera Central, which contains prolific and prospective base and precious metals belts. The locations of known and historic mines, in a regional setting, is provided in Figure 7-1, comprising numerous styles of mineralization including epithermal Au-Ag, porphyry Cu-Au-Mo, and replacement/skarn Zn-Cu. Peru is the second largest silver producer in the world with approximately 50% of silver production associated with gold production and 50% associated with base metal/polymetallic mines.

The geological, mining, and metallurgical institute ("INGEMMET") publish geological maps covering much of Peru at 1:100000 and 1:50000 scales. INGEMMET also publish descriptive bulletins ("Boletíns") detailing regional geology, lithological units, structure, and economic geology for much of Peru.

The Project area is located on National Topographic (1:100K) sheets 26-L (Tupe) and 26-M (Conaica), covered by geological report and maps in Bulletins 44 (Salazar and Landa, 1993) and 73 (Morche and Larico, 1996), respectively. Key regional geological features related to these maps sheets and the Project area include (Figure 7-2):

- Mesozoic sedimentary rocks (Cretaceous) folded along an NNW trend.
- Andean-trending, NNW faulting in part controls exposure of older sedimentary and volcanic sequences.
- Andesitic intrusions related to Cenozoic volcanism (Coastal Batholith) are exposed.
- Intrusives related to the Coastal Batholith are exposed in and around the Project area.
- A disconformity exists between the upper Mesozoic (Cretaceous) formations and the lower formations of the Cenozoic (Tertiary) formations.
- Varied quaternary deposit are concentrated along water courses and valley bottoms.
- Bethania Mine is located along an interpreted major north-northeast fault line, expressed through regional topography and the geometry of Laguna Huarmicocha.
- Bethania Mine and other deposits, occurrences and mines in the immediate area are interpreted to be located within an ancient volcanic caldera.
- The Property is situated in the northern region of the Southern Peru Au-Ag Epithermal Belt, hosted largely by Tertiary-age volcanic rocks.

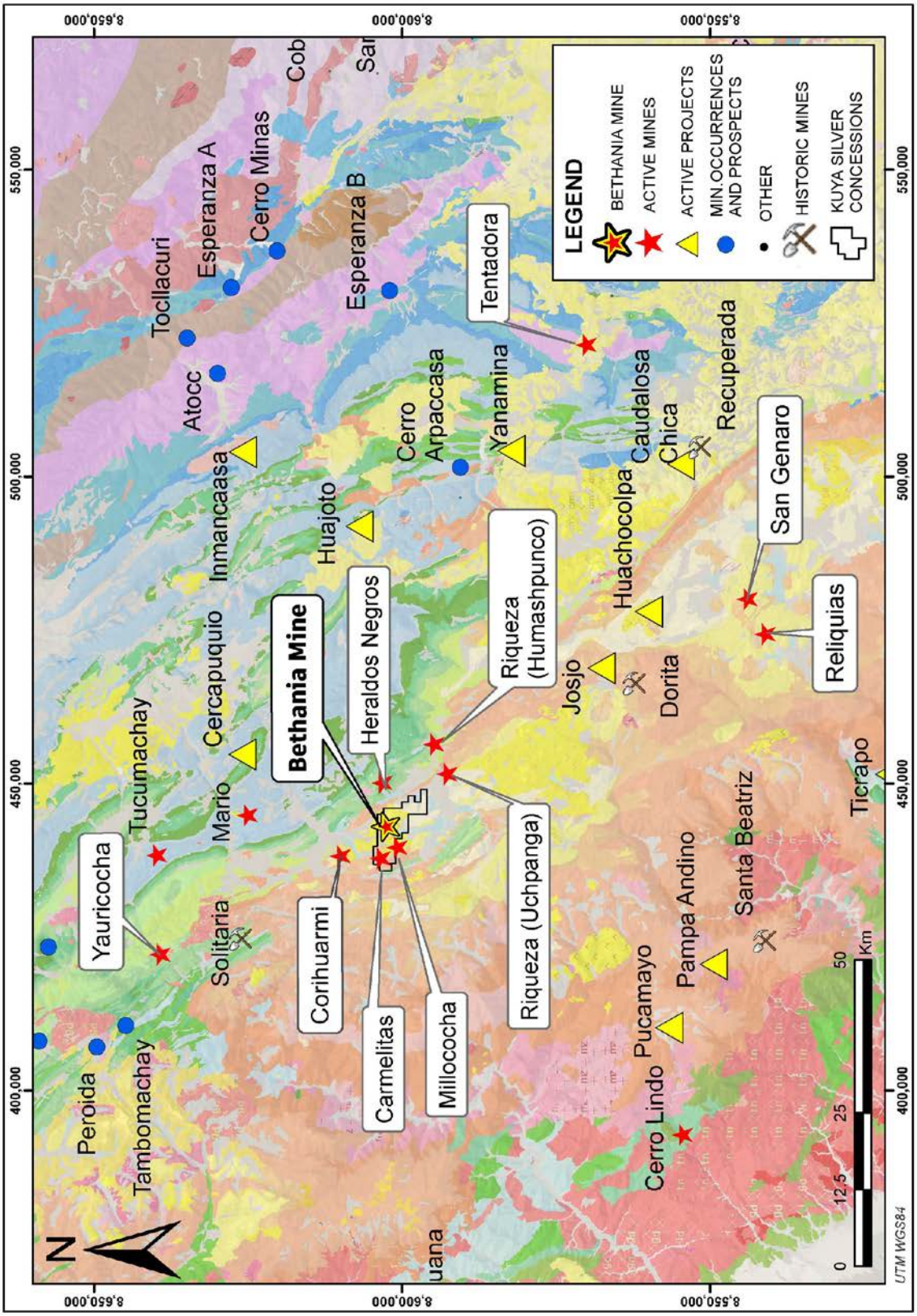


Figure 7-1. Regional geology of Peru showing the location of the Bethania Silver Project in the Cordillera Central, along with past and current producing mines.

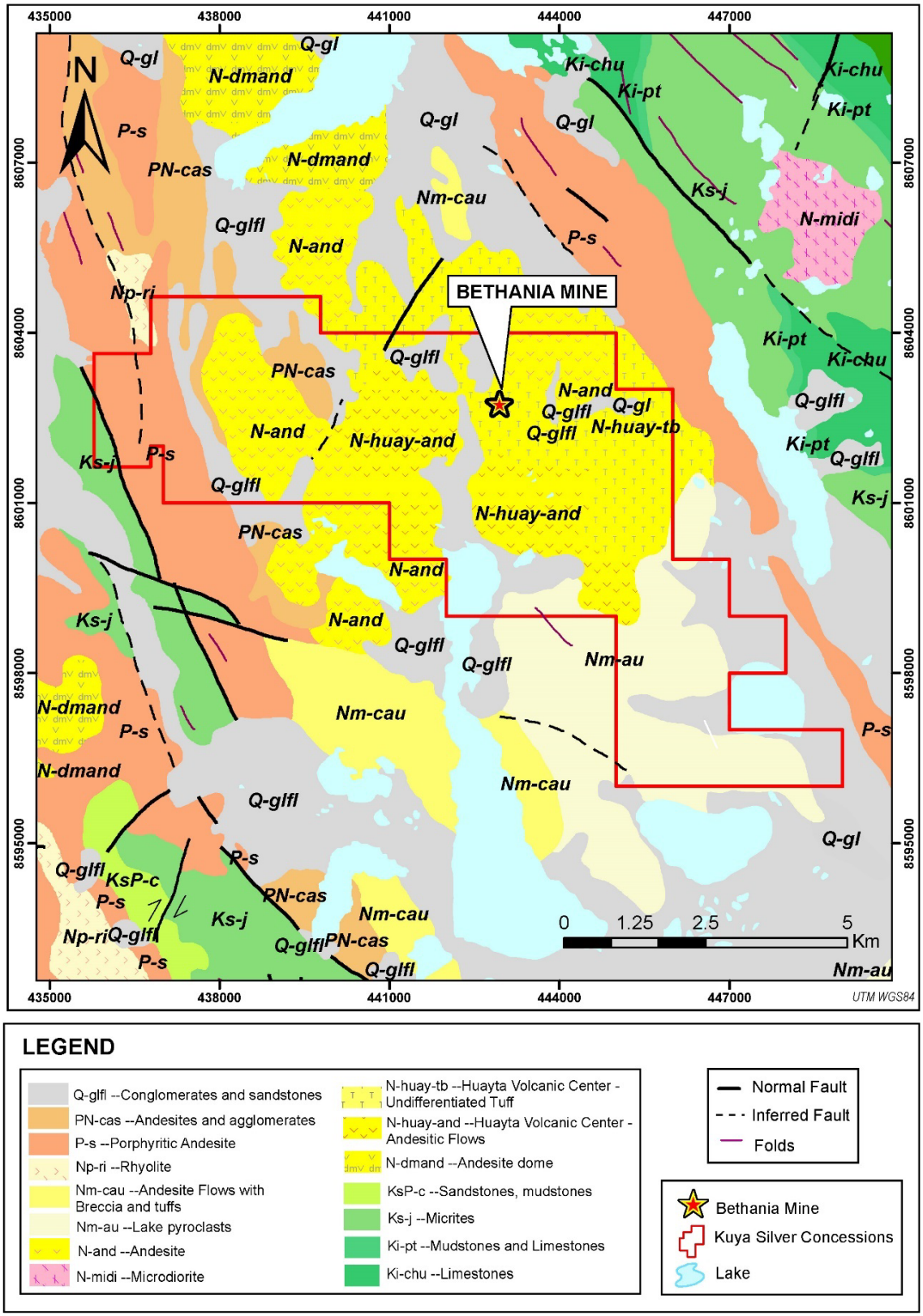


Figure 7-2. Project-scale geological map with the general outline of the 12 properties that make up the Bethania Silver Project (source geology: INGEMMET Bulletins 44 and 73).

7.2 Property and Local Geology

The Santa Elena mining concession covers Tertiary volcanic rocks that include andesite, dacite, and tuff (*see* Figure 7-2; Figure 7-3). Outcrop exposure is best in areas of higher elevation (high cliffs, hill tops etc.) and along road or stream cuts, with much of the region covered by vegetation and Quaternary deposits (overburden).

All of the mineralized veins discovered to date are hosted by altered andesite and/or dacite with some anomalous mineralization hosted by siliceous bodies of stockwork quartz-breccia. The attention of past on-vein exploitation focused on the east-northeast trending veins but there are numerous north-northwest trending veins that have seen little if any exploration and testing. All of the known veins on the Santa Elena concession are listed in Table 7-1.

Table 7-1. Known veins and their characteristics, Santa Elena mining concession.

VEIN	STATUS	Average azimuth	Average Dip	Length (m)	Average width (m)	COMMENTS
Española 1	Focused exploitation	60	75-86 SE	500	± 0.6m.	Main structure: length defined in underground workings
Española 2	Focused exploitation	280	60-88 SW	200	NA	NE end of concession: length shown by underground workings
12 de Mayo	Focused exploitation	60	75-86 SE	550	± 0.6m.	Main structure: length defined in underground workings
Ramal 12 de Mayo	Focused exploitation	70	70-85 NW	100	± 0.3m.	Intersects Victoria vein underg-ground and does not continue
Victoria	Focused exploitation	60	79-90 SE	110	± 0.4m.	Main structure: displaces 12 de Mayo and Ramal 12 de Mayo
Carolina	Limited exploration	60	70-80 SE	100	± 0.2m.	Tension structure to Español 1 vein; mapped at surface
Betsaida	Limited exploration	95	70-75 NE	100	NA	Intersects with Caroline vein; mapped at surface
Maria	Limited exploration	90	75-86 SE	60	± 0.4m.	Likely tensional to Española 1 in hanging-wall
Rocio	Limited exploration	290	85 NE	95	NA	NE end of concession: length mapped at surface
Santa Elena	Limited exploration	279	60-70 S	45	NA	NE end of concession: length shown by underground workings
Yolanda	Limited exploration	66	68 NW	30	NA	Parallel to 12 de Mayo vein; mapped at surface

The total lengths of the vein systems are not clear for all the veins and there is evidence that the northeast-trending veins (*e.g.*, Española and Carolina) could extend several hundred metres along strike. In addition, many of the veins continue at depth as evidenced from underground mine development and the recently completed Phase diamond drilling program.

Ausenco (2017), noted that geochemical results indicate the potential for an igneous body of the copper porphyry type existing at depth, suggesting the possibility for deeper copper dominant mineralization. Work in the immediate area of the Santa Elena concession provides evidence for a porphyry system underlying the area including drilling by Minera IRL Limited. Furthermore, satellite imagery suggests that the Bethania Mine and Santa Elena mining concession vein system are almost central to what appears to be a wide zone of alteration sitting centrally within what appears to be an 11 km wide collapsed caldera, indicating a much bigger exploration target both laterally and at depth (Figure 7-4). There are similarities here with the 15 km wide collapsed caldera that surround the San Genaro and Reliquias mines 70 km to the south of the Project.

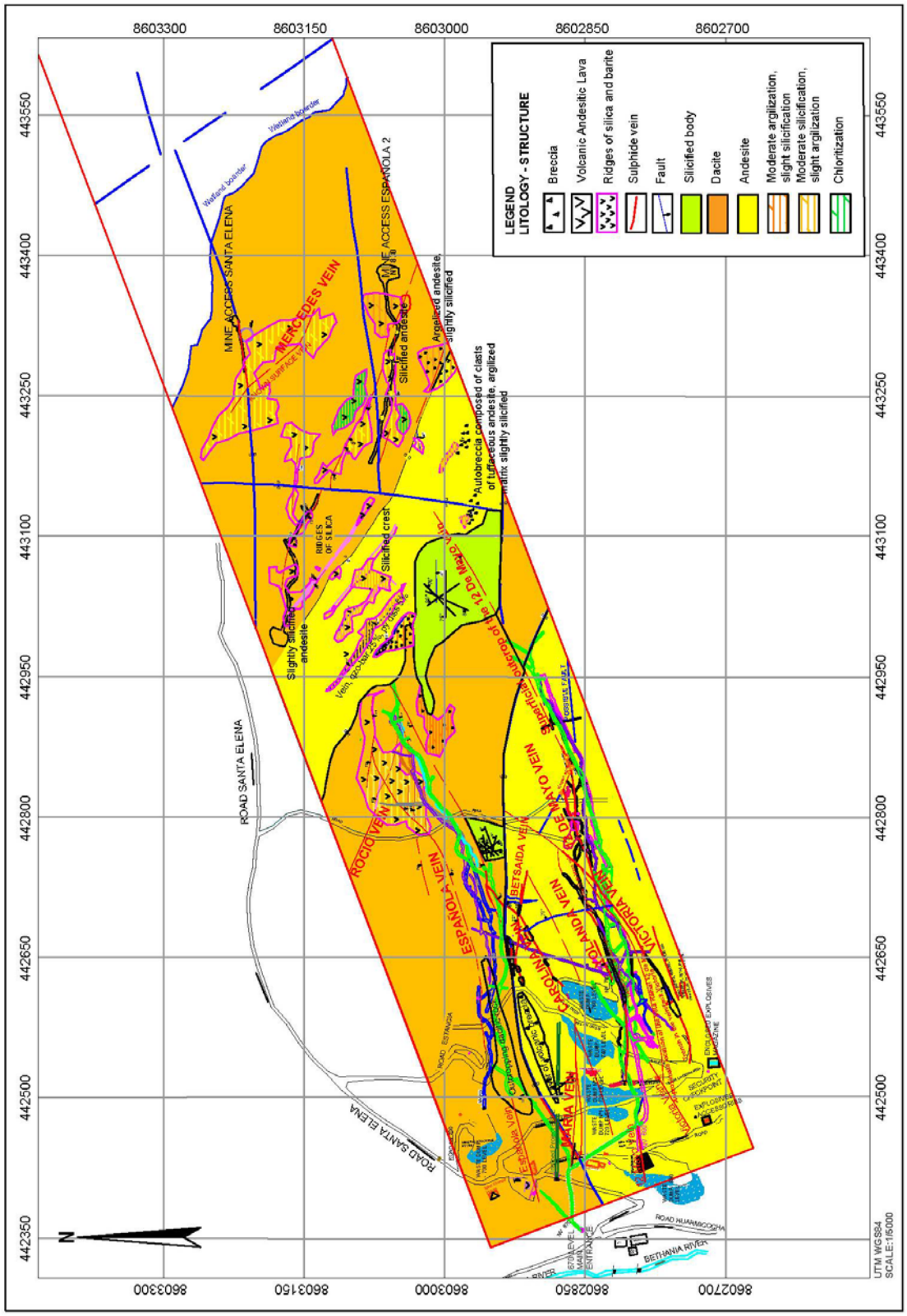


Figure 7-3. Property-scale geological and structural map of the Santa Elena concession (Bethania Mine); dacite (orange), andesite (yellow), siliceous body (green) (source: Milla, 2016a).

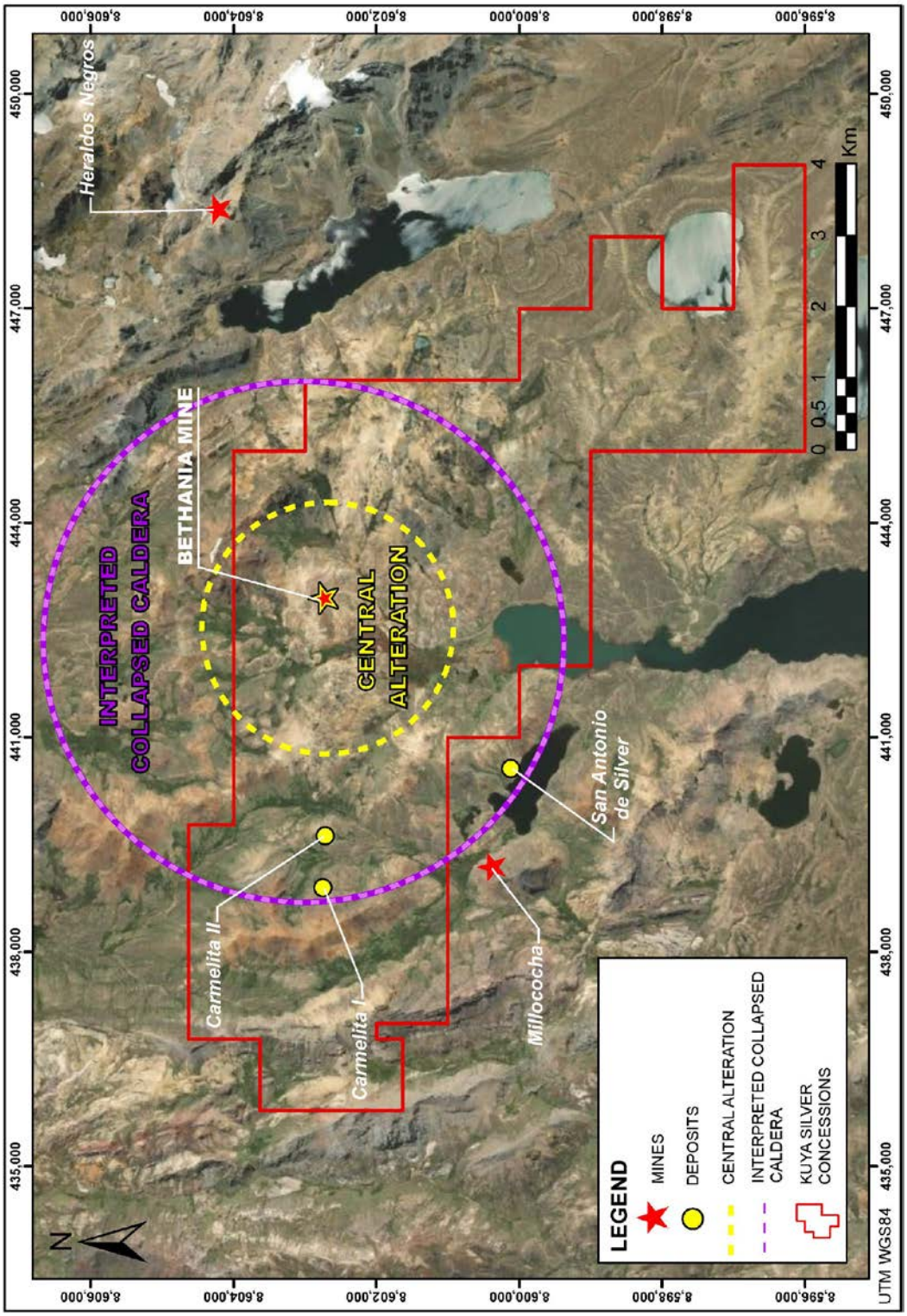


Figure 7-4. Satellite imagery suggests that the vein system in the Santa Elena mining concession (Bethania Mine) are almost central to what appears to be a wide zone of alteration sitting centrally within what appears to be an 11 km wide collapsed caldera, indicating a much bigger exploration target both laterally and at depth. The red outline marks the general boundary of the Project concessions.

7.2.1 Lithology

A list of the main lithologies that underlie the 12 properties, along with a summary of their characteristics, is provided in Table 7-2.

Table 7-2. Summary of the main lithologies underlying the 12 properties, Bethania Silver Project.

Name	Formation	Units	Sub-Unit	Description
Santa Elena	Auquivilca	N-huay-tb	Ts-a	tuff
Santa Elena	Auquivilca	N-and	T-a	diorite
Santa Elena	Surficial Deposits	Q-glfl	Qr-g	overburden
Chinita I	Jumasha	Ks-j	Ks-j	limestone
Chinita I	Sacsaquero	P-s	Tm-ss	andesite porphyry
Tres Banderas 01	Astobamba	N-huay-and	Ts-as	andesite
Tres Banderas 01	Auquivilca	Nm-au	Ts-a	tuff/breccia
Tres Banderas 01	Surficial Deposits	Q-glfl	Qr-g	overburden
Tres Banderas 02	Surficial Deposits	Q-gl	Qr-g	overburden
Tres Banderas 02	Auquivilca	Nm-au	Ts-a	tuff/breccia
Tres Banderas 03	Auquivilca	Nm-au	Ts-a	tuff/breccia
Tres Banderas 03	Auquivilca	N-huay-and	Ts-as	andesite
Tres Banderas 04	Surficial Deposits	Q-glfl	Qr-g	overburden
Tres Banderas 04	Auquivilca	N-huay-tb	Ts-a	tuff
Tres Banderas 04	Auquivilca	N-and	T-a	diorite
Tres Banderas 05	Surficial Deposits	Q-glfl	Qr-g	overburden
Tres Banderas 05	Castrovirreyna	PN-cas		andesite/agglomerate
Tres Banderas 05	Auquivilca	N-huay-and	Ts-as	andesite
Tres Banderas 06	Surficial Deposits	Q-glfl	Qr-g	overburden
Tres Banderas 06	Auquivilca	N-huay-and	Ts-as	andesite
Tres Banderas 06	Auquivilca	N-and	T-a	diorite
Tres Banderas 07	Surficial Deposits	Q-glfl	Qr-g	overburden
Tres Banderas 07	Sacsaquero	P-s	TM-ss	andesite porphyry
Tres Banderas 07	Castrovirreyna	PN-cas		andesite/agglomerate
Carmelita 2005	Surficial Deposits	Q-glfl	Qr-g	overburden
Carmelita 2005	Auquivilca	N-and	T-a	diorite
Carmelita 2005	Castrovirreyna	PN-cas		andesite/agglomerate
Carmelita 2005 I	Surficial Deposits	Q-glfl	Qr-g	overburden
Carmelita 2005 I	Auquivilca	N-and	T-a	diorite
Carmelita 2005 I	Castrovirreyna	PN-cas		andesite/agglomerate
Carmelita 2005 II	Surficial Deposits	Q-glfl	Qr-g	overburden
Carmelita 2005 II	Auquivilca	N-and	T-a	diorite
Carmelita 2005 II	Castrovirreyna	PN-cas		andesite/agglomerate

7.2.2 Structure

There are a number of high-angle, northeast-, northwest-, and north-south-trending fault systems on the Santa Elena concession. Principal veins of economic interest are oriented east-northeast (~60Az) and dip from approximately 70 degrees to the southeast to near-vertical.

7.2.3 Alteration

Hydrothermal alteration observed on the Property includes silicification, sericitization, chloritization, and tourmalization, with silicification immediately associated with economic vein mineralization. Argillic alteration (clay) occurs away from the veins and chloritic alteration more distal to the veins. Stein (2018), was of the opinion that geological controls, such as alteration, have not been studied in any great detail.

7.3 Mineralization

Given the lithological, structural, mineralogical and alteration characteristics observed at the Project and specifically in the Bethania Mine vein system, mineralization identified to date can be classified as volcanic-associated, polymetallic intermediate sulphidation epithermal ("ISE"), with significant accumulations of silver, lead, zinc, copper, and gold.

Dominated by silver, Bethania Mine's polymetallic mineralization is fairly typical in its composition, containing appreciable amounts of lead, zinc, gold, and copper. On the basis of multi-element assays and production history, it is clear that dominant sulphide minerals include silver sulfosalts (*e.g.*, Ag_3AsS_3, Ag_3SbS_3), galena (PbS), sphalerite (ZnS), and chalcopyrite ($CuFeS_2$).

Mineralization of the major veins, Española and 12 de Mayo, can be more than 1.5 metres thick, but averages are about 0.6 metres; minor veins average about 0.3 metres in thickness.

8.0 DEPOSIT TYPES

Currently accepted definitions of epithermal deposits include precious and base metal deposits forming at depths of <1.5 km and temperatures of <300 degrees Celsius in subaerial environments within volcanic arcs, at convergent plate margins and in intra- and back-arc as well as post collisional extensional settings. Epithermal systems can be grouped into high, intermediate, and low sulphidation types based on variations in their hypogene sulfide assemblages (*e.g.*, Sillitoe and Hedenquist, 2003; Corbett, 2007). Most epithermal gold deposits are Cenozoic in age and although some older deposits are known, none of the giant ore deposits of this type are older than Cretaceous.

The Bethania silver deposit is a polymetallic (Ag-Pb-Zn-Cu-Au) hydrothermal deposit whose mineralogy, mineralization, textures, and associated alteration phases are consistent with the intermediate sulphidation (IS) epithermal geological model for volcanic-hosted precious metal deposits (Figure 8-1).

8.1 Intermediate Sulphidation Epithermal Deposits

Epithermal gold and silver deposits of both vein and bulk-tonnage styles may be broadly grouped into high-, intermediate-, and low-sulphidation types based on the sulphidation states of their hypogene sulfide assemblages (Sillitoe and Hedenquist, 2003). Intermediate sulphidation epithermal deposits are one of the subtypes of epithermal deposits (*i.e.*, a subtype of low sulphidation type) formed in subduction-related arc settings or post-collisional orogenic belts and an essential component of porphyry-epithermal systems. Economically significant in terms of their polymetallic mineralization (*i.e.*, Ag-Au-Pb-Zn-Cu), IS deposits typically have a close relationship with andesitic-dacitic volcanic-subvolcanic rocks, usually related to oxidized calcic to calc-alkaline magmatism and formed at depths between 300 metres and >1 kilometre (Wang et al., 2019).

General characteristics of ISE deposits include:

- Generally, veins and breccias like low sulphidation systems but with coarser banding.
- May contain alunite like high sulphidation systems.
- Usually contain significant silver with gold and lead (galena), zinc (sphalerite), copper (chalcopyrite) at depth.
- Gold and silver deposition is controlled by boiling whereas base metal deposition by fluid mixing and/or cooling.
- Indications of boiling are reflected in the replacement of calcite by silica.

Sillitoe and Hedenquist (2003), indicate that intermediate and low sulphidation epithermal (“LSE”) deposits have been found to be mutually exclusive mainly in the tectonic setting of formation. However, there is growing evidence that some deposits exhibit composite characteristics of both ISE and LSE mineralization styles (*e.g.*, Camprubi et al., 2006; Carillo et al., 2003). Given that characteristics of high sulphidation

epithermal ("HSE") systems are also noted in ISE systems, it is more likely that a continuum exists between ISE and LSE systems and between ISE and HSE systems.

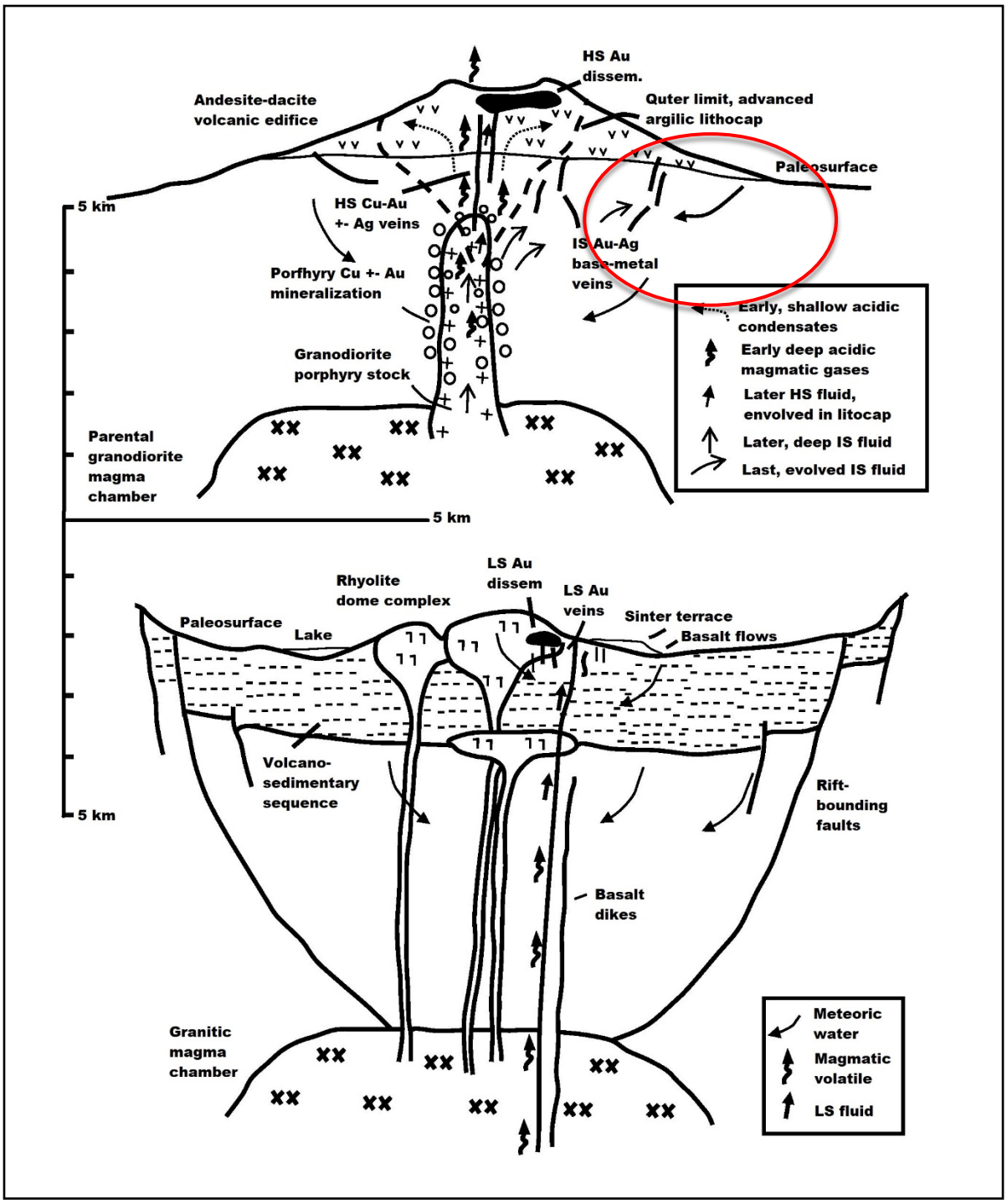


Figure 8-1. Generalized epithermal deposit models showing the various subtypes – low, intermediate and high sulphidation – in (a) volcanic setting and (b) rift setting (Sillitoe and Hedenquist, 2003). An approximation of the location of the volcanic associated Bethania Mine mineralization is circled in red.

9.0 EXPLORATION

The historical Mina Santa Elena, now the Bethania Mine, was put on care and maintenance in 2016 and so prior to 2019, there had been no systematic surface or underground exploration by the Issuer on the Project or the Property (Santa Elena concession). Kuya initiated data and information compilation in 2019, announced the results of surface vein sampling in April 2021, and completed a 4,988.05 m diamond drilling program on 26 July 2021 with the announcement of assay results (*see* Section 10).

Exploration to date by the Issuer has focused on the Santa Elena mining concession (45 ha) which covers the Bethania Mine; the other 11 concessions that comprise the rest of the Project have not been explored by the Issuer.

Other than surface prospecting and sampling, there is no other exploration work being conducted on the Project at this time.

9.1 High-Resolution Elevation Drone Survey (2019)

In April 2019, ACOMISA completed a photogrammetric report using data collected from a high-resolution drone survey over the Santa Elena concession (Bethania Mine). Elevation models produced from the data include contour intervals of 0.5 and 1.0 metres.

9.2 Data Compilation and Review (2019)

In mid-2019, the Company engaged Orix Geoscience Inc. (“Orix”) of Toronto, Canada to complete data compilation and a review of all public and private information from the Project including 2D compilation (GIS database), 3D compilation (Leapfrog), and geological modelling (3D) with associated recommendations:

- Create an ArcGIS 2D Compilation of all publicly available data as well as data provided by Kuya Silver.
- Re-project, georeference and digitize available geological interpretation completed by the team in Peru.
- Import all relevant and available digital data into a 3D platform (Leapfrog).
- Use surface geological interpretation to create simplified geological model.
- Use digitized structural information to create/visualize structural trends.
- Use underground channel/vein sampling, surface, plan, and section interpretations to create a detailed vein model.
- Create grade shells to aid on future targeting and possible drill hole planning.

9.2.1 2D Compilation – ArcGIS (2019)

Downloaded and date-stamped shapefiles (SHP) that include (sources include INGEMMET):

- "Concession" fabric as of 1 June 2019.
- Gravity Bouguer points.
- Structure: folds, faults, and structural domains at 100K and 50K.
- Rock samples with geochemical data (50 elements) for 50K NTS sheet.
- Geology polygons and polylines for the NTS 26L sheet as well as the regional geology at 100K.
- Topography: includes infrastructure such as highways, roads, land use and main towns.
- Hydro: includes rivers and lakes.
- Boundaries: includes NTS sheets and administrative boundaries (Municipalities etc.).
- INGEMMET: linked for up to date/live data from the Geological Survey of Peru:
    - Geology and structures for Peru at 100K.
    - Geology at 50K scale (specific areas only).
    - Concession Fabric: a) Active Concessions; b) Concessions Requested; c) Exploration Concessions; and d) Mining Concessions.

9.2.2 3D Compilation – Leapfrog (2019)

The following information was integrated into a 3D model:

- Topography: ALOS, ASTER and SRTM DEM point files (at 30 m accuracy), 2 satellite images and elevation contour lines from ACOMISA.
- Concession boundary pressed to topography.
- Mineralization: Digitized vein interpretations from plans and surface.
- Interpretations: 5 Plans and 26 Cross Sections.
- Surface geology pressed to topography, as interpreted by team in Peru.
- Vein sampling represented as channel samples/drill holes.
- Polylines of faults and veins digitized from cross sections and surface interpretations.
- Structural data (joints, faults, and veins), and regional structural interpolated from 463 measurements.
- Infrastructure meshes wireframed in Datamine (main drifts only - sub-levels and raises pending wireframing).

- Geological model includes surfaces and volumes for 11 veins and 3 main faults.
- Numeric models: Preliminary Ag and Zn grade shells.

9.2.3 Geological Model (2019)

Following a review and compilation of all data in 2D and 3D, a geological model was created in Leapfrog, covering the area of the Santa Elena concession that includes underground workings, plan maps and interpreted sections (about 800 by 500 metres):

- The model was broken into 4 blocks on the basis of 3 main faults.
- Structural data was filtered by 3 categories - joints, faults, veins:
    - From vein data an initial form interpolant was created.
    - Fault data was used to inform fault surfaces.
- Created lithology from surface interpretation.
- Detailed vein model from digitized lines on plans, sections, and surface.
- Vein interactions and cross cutting relationships:
    - Minor veins need pinch outs (to be completed).
- Created grade shells for Ag and Zn, using isotropic unmodified trends and the structural form interpolant as a global trend.
    - Silver and zinc mineralization in vein system display plunge of ~25-30 degrees SW.

Orix suggested that the vein system corresponds to “Rosario” style veining, with a pinch and swell characteristic. However, due to the sparse underground control data, the veins were modelled as continuous surfaces, honouring the contacts measured to date.

9.3 Remote Sensing (2020)

In October 2020, Kuya engaged Dirt Exploration (Neil Pendock) to complete a remote sensing study of the Project and surrounding area using satellite visible/near infrared (“VNIR”), shortwave infrared (“SWIR”) , and longwave infrared (“LWIR”) imagery (Pendock, 2020).

A data cube of LWIR emissivity and VNIR/SWIR reflectance was unmixed into two sets of spectral abundances, corresponding to mineralized and barren areas, in a 60 x 60 satellite scene. Mineralization was identified by comparing spectra over five known mines to the average spectral response in the scene.

Individual spectral abundances may be used to generate exploration targets, or a statistical classifier may be estimated to find targets with similar thermal response to the known mines. Satellite remote sensing

supplies an inexpensive and dense data layer at high spatial resolution which may be integrated with other exploration datasets such as geochemical surveys and geophysics to generate viable exploration targets.

9.4 Phase 1 Surface Exploration (2021)

On 8 April 2021, Kuya announced the results of a surface sampling program designed to prospect the "Bethania Extension Zone" (now referred to as the "Hilltop Zone") and the vicinity of the historical Española 2 adit (Figure 9-2). The program was completed in February-March 2021.

A total of 97 rock grab samples were collected from veins exposed at surface. Of the 97 rock grab samples, 76 were taken from veins and 21 were taken from altered or visibly unmineralized host rock (hanging wall or foot wall to the veins). QA/QC samples were inserted in the sample stream (*see* Section 11).

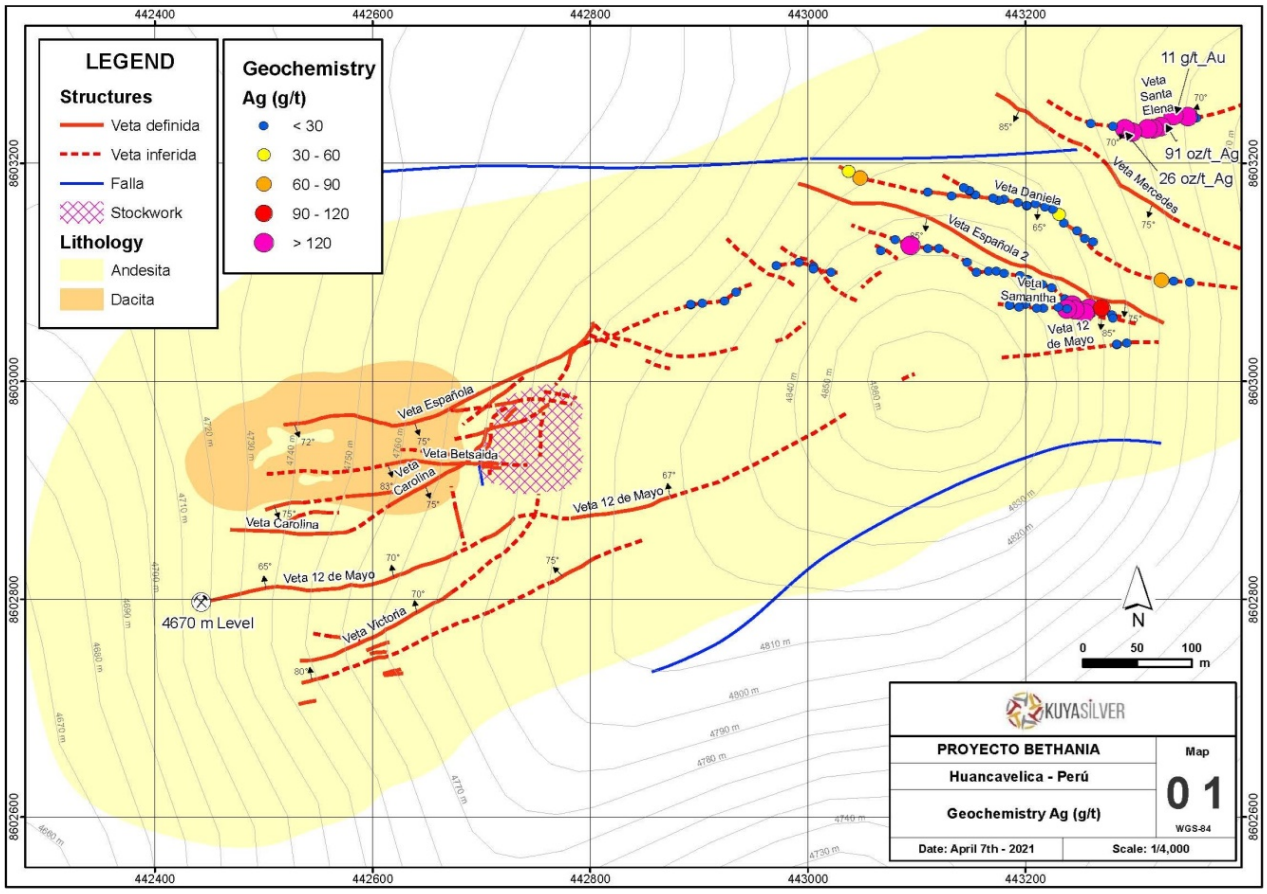


Figure 9-2. General geology and geochemistry map showing location and results of rock grab samples on the Santa Elena concession, Bethania Silver Project (source: Kuya news release dated 8 April 2021).

The sampled veins are located approximately 600 to 1,000 m from the main adit of the Bethania Mine and 100 to 500 m east of the easternmost underground development (Figure 9-2). When mineralized, the sampled veins reported anomalously high silver and lead, and in some cases anomalous gold. Anomalous

zinc and copper grades, which can be associated with silver mineralization in the fresh veins underground, were rarely observed from surface results.

9.4.1 Highlights of the Surface Sampling Program

The easternmost area sampled identified a new vein at surface, named the Santa Elena vein, located in the northeast region of the Property, approximately 500 m along strike from the eastern limit of the Española underground workings. Rock grab samples were collected at approximately 10 m intervals along surface exposure of the vein system. Seven consecutive samples distributed over a length of 60 m averaged 698 g/t Ag (22.4 oz/t Ag), 2.79 g/t Au and 3.07% Pb. Results from the Santa Elena vein sampling included:

- 2833 g/t Ag (91.1 oz/t Ag), 5.20 g/t Au, 10.6% Pb
- 300 g/t Ag (9.6 oz/t Ag), 11.03 g/t Au, 2.17% Pb
- 812 g/t Ag (26.1 oz/t Ag), 0.32 g/t Au, 4.82% Pb

A second zone of interest was located at the intersection between a parallel vein structure to the Española 2 Vein and the newly identified “Samantha Vein” in the northeast part of the Property (Figure 9-2). At the vein intersection, four consecutive rock grab samples distributed over a length of 30 m (northwest-southeast) averaged 258 g/t Ag (8.3 oz/t Ag) and 2.84% Pb. Along the Samantha Vein, three consecutive rock grab samples distributed over a length of 20 m (west-northwest-east-southeast) averaged 171 g/t Ag (5.5 oz/t Ag) and 2.33% Pb.

9.5 Geological Modelling (2021)

In early 2021, in preparation for the planned maiden mineral resource estimate and to guide planning of the Phase 1 drilling program, a geological model of the Santa Elena vein system was completed, prepared by Atticus Consulting S.A.C. and Caracle Creek International Consulting Inc.

The new geological vein system model utilised the three-dimensional interpretation created by Orix Geoscience (2019) as a base but incorporated additional drill data and surface outcrop information to the model. The additional source of spatial data highlighted a discrepancy in the location of the historic underground data, which was then updated as a new underground topographic survey became available. Only 20% of the underground workings were successfully surveyed, the rest of the mapped workings and channel samples were adjusted spatially according to the delta X, delta Y and delta Z of the surveyed areas (Figure 9-3).

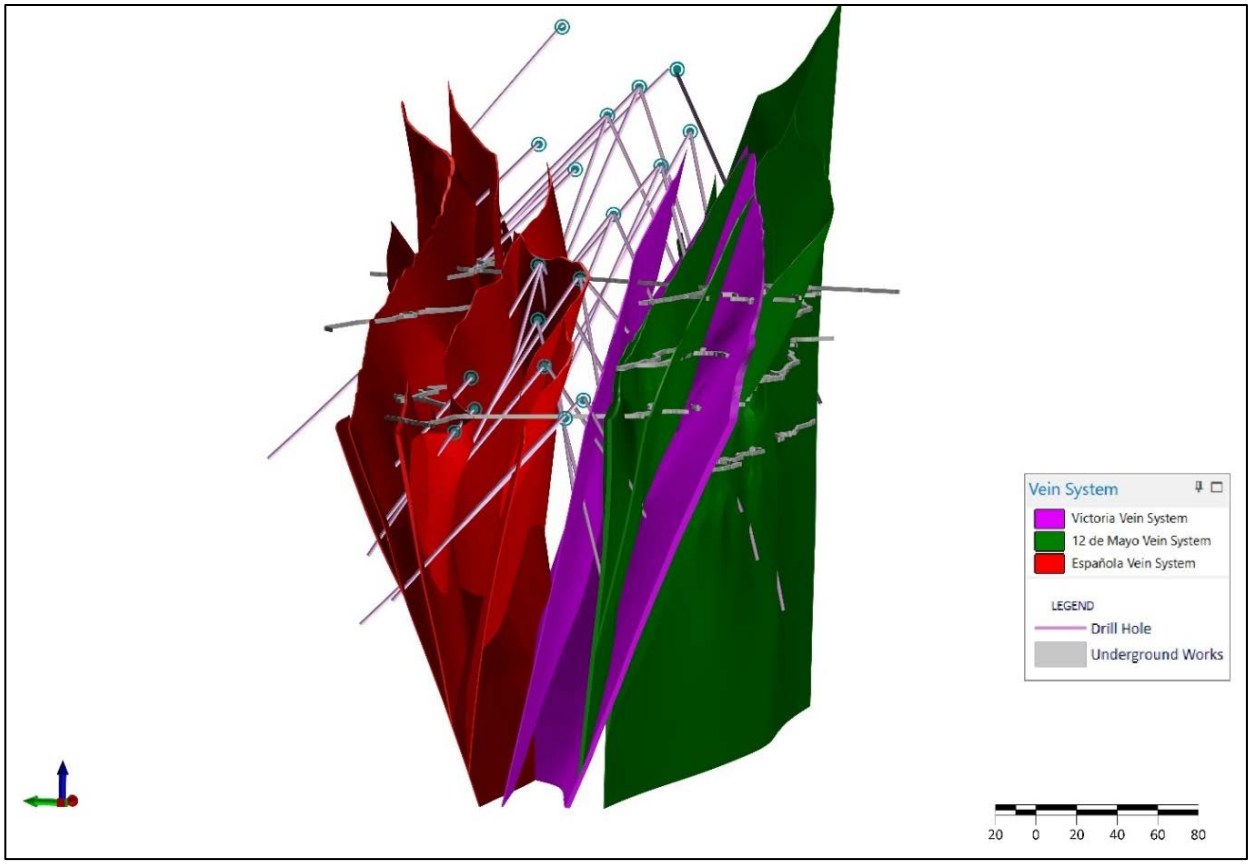


Figure 9-3. A 3D isometric view of the vein systems, looking towards the east, showing their spatial relation with the defining drilling and the underground workings.

The drill data, surface outcrop information, and historic underground data were all correctly located in 3D space within the Micromine engineering software, and a new interpretation realized. The drilling data confirmed that the vein systems are “Rosario” style veins which open and close along strike; however, the veins are continuous as mineralized structures, hence they have all been modelled from assay data rather than the logged occurrence of vein material. The material that has been identified and modelled as ‘vein’, is defined by the presence of vein style Ag-Pb-Zn mineralization. No strict cut-off has been used to define the vein material, just the observed elevation in silver, lead or zinc, with the occasional anomalous presence of copper or gold.

The new geological model defined four principal vein sets, three previously known and one newly identified principal vein, each with their sets of branches. The Española vein set comprises Española_P (the principal), Española RFW, Betsaida, Carolina, Carolina II, Carolina RFW, Maria, Maria RHW, and Maria RHW1. The 12 de Mayo vein set comprises 12 de Mayo_P (the principal), 12 de Mayo RFW, 12 de Mayo RFW1, and 12 de Mayo RHW. The Victoria vein set contains the Yolanda and Victoria (principal) veins The newly identified principal vein set includes the provisionally named NV_P (New Vein principal) and its associated branch, NV_RFW (Figure 9-4).

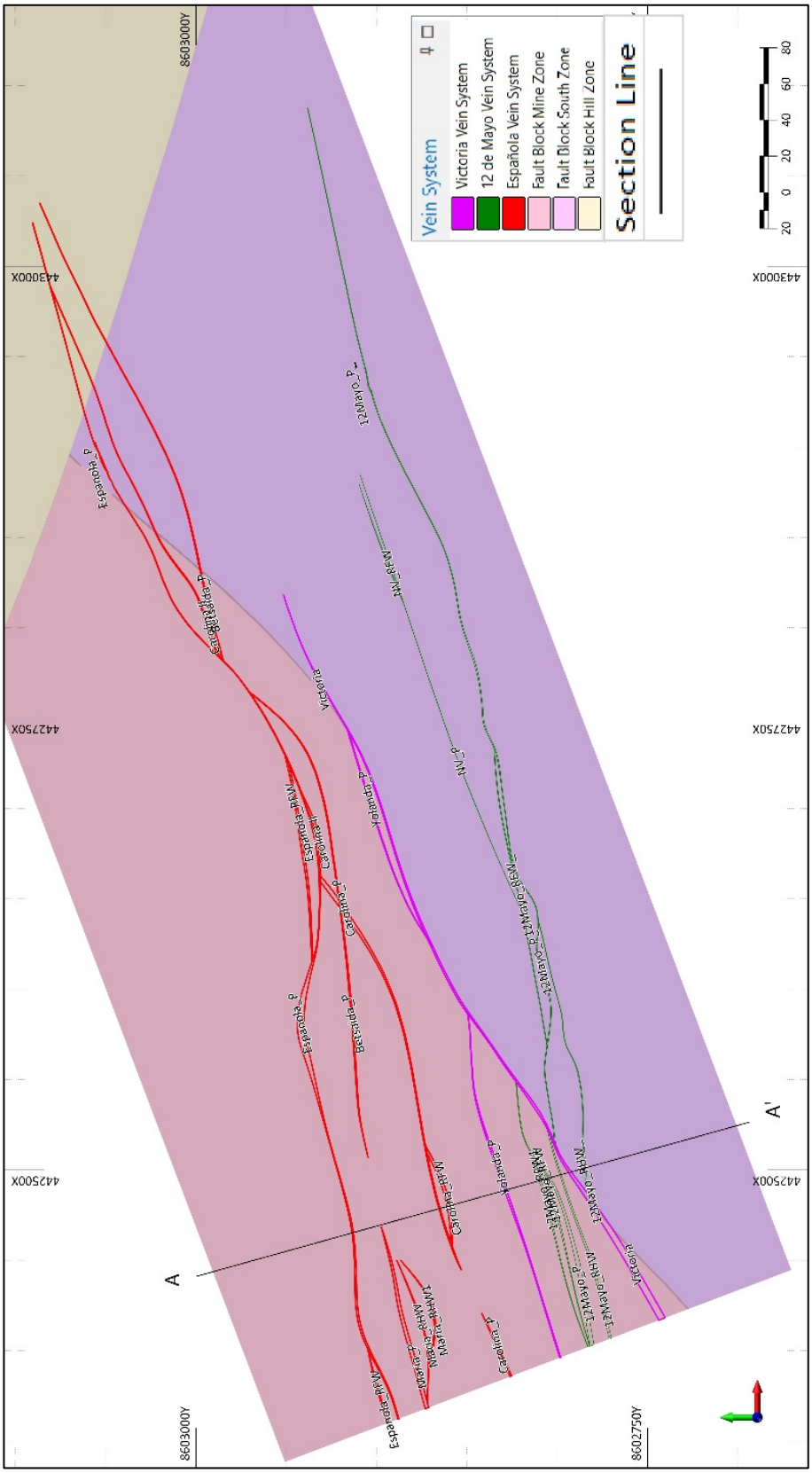


Figure 9-4. Plan view at the 4600 m level, showing the Española, 12 de Mayo, and Victoria principal vein systems (vein sets) with the faults blocks inside the Santa Elena concession.

Faults are seen to run along the footwall of the main vein sets Española, Victoria and 12 de Mayo, but displacement could only be interpreted, measured, and modelled on the Victoria vein. The main fault that was previously interpreted, could not be identified in the drilling nor was any displacement observed either side of its supposed location. Three fault blocks have been modelled, using the Victoria footwall fault and the Rocio fault have been modelled, generating the Mine Zone, South Zone and Hilltop Zone fault blocks. The location of the Rocio fault is still not yet determined, it has been included in this phase of modelling as the division between the Hilltop Zone and the Mine Zone. A cross-section view of the vein systems and mineralized structures at Bethania Mine, Santa Elena concession is provided in Figure 9-5.

Lithology, alteration, and rock mechanic models have also been constructed using only the drilling data but will require updating when information can be extracted from underground mapping. The process of geological modelling is ongoing.

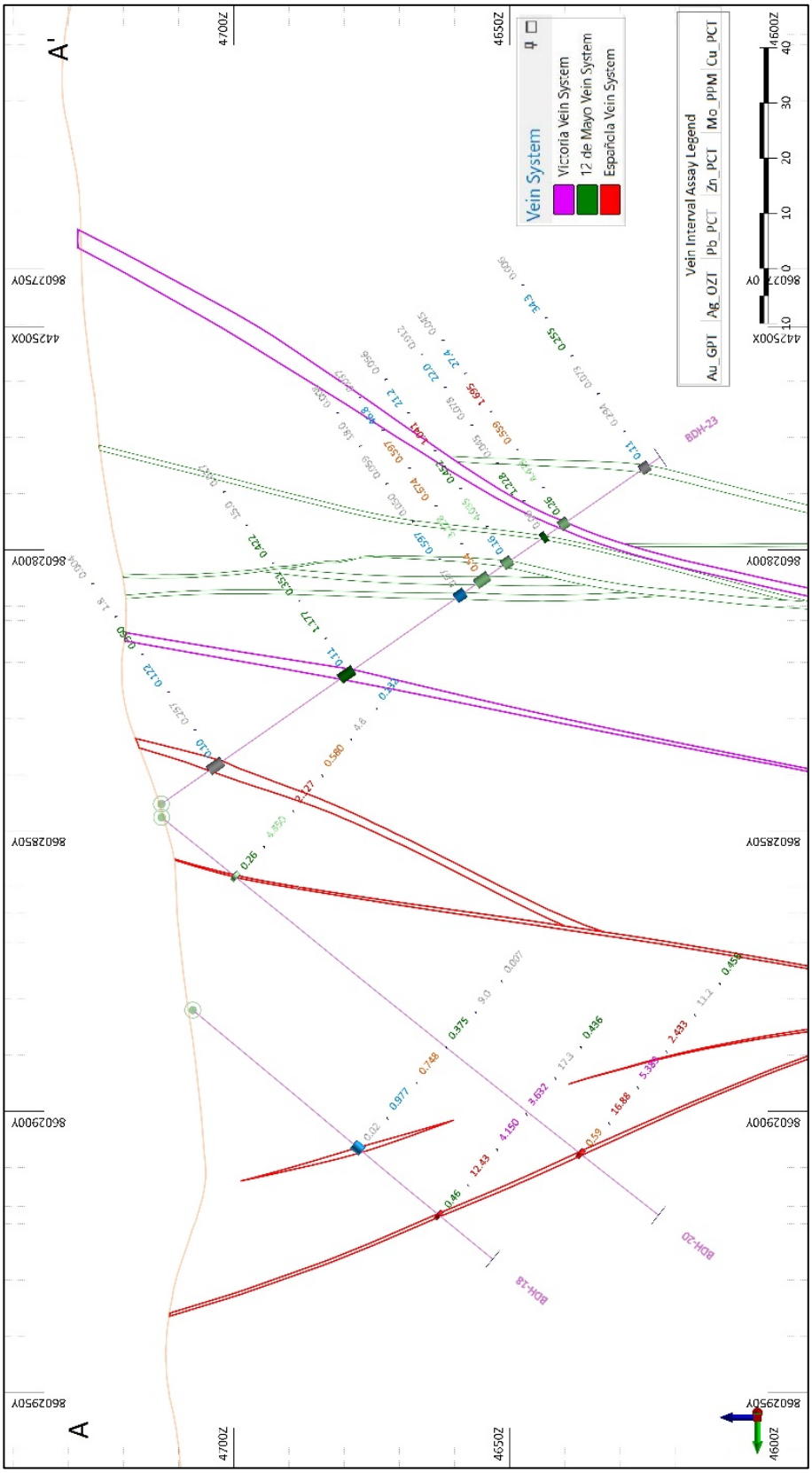


Figure 9-5. Section view, looking towards the east, showing the vein systems (vein sets) and the drilling intervals that define the mineralized structures.

9.6 Phase 2 Surface Exploration (2021)

On 15 November 2022, Kuya announced that it had commenced its second phase of its 2021 exploration program focusing mainly on detailed surface sampling and trenching accompanied by detailed mapping and sampling.

The main goals of the Phase 2 exploration program are to (Kuya news release dated 15 November 2022):

- expand the resource base at the Bethania Project by extending known mineralization (*i.e.*, veins) along strike and at depth.
- gain a better understanding of the controls on mineralization in newly identified mineralized zones such as the Hilltop Zone and the nearby Carmelita concession for potential future resource growth.
- prospect additional concessions in the Bethania district exploring for additional near-surface mineralized vein targets.

The planned 7,000 m trenching program will be aimed at the Hilltop Zone and main Bethania Mine area (Figure 9-6). The trenching program has been designed to gather more data on the host rock and veins that outcrop on surface to determine strike length, width of mineralization, grade variation in veins, variation in geometry, and other important features such as branching or intersecting vein systems.

In December 2022, Kuya announced that it would be expanding its Phase 2 surface exploration program to cover additional targets located within newly acquired mining concessions (Kuya news release dated 1 December 2022). Mineralized veins previously discovered at the Hilltop Zone (located northeast of the Bethania mine area), such as the Española 2 and Mercedes veins (Figure 9-6), strike northwest-southeast and appear to continue onto the newly acquired claims.

Kuya also noted that several mineral showings, identified by Peruvian government geologists north of the Santa Elena concession, are proximal to, and are along trend of, known areas of mineralization at Bethania (Figure 9-7). For example, the Capri 98 showing is described by INGEMMET (2003) as being a mineralized, 0.6 m wide, east-west-trending structure, which is similar to the principal veins in the main Bethania system such as 12 de Mayo and Española. INGEMMET (2003), reports an outcrop rock grab sample that assayed 702 g/t Ag, 1.17 g/t Au, 10.2% Pb, 2.6% Zn, and 0.4% Cu. The INGEMMET (2003) report does not contain a description of the type of analytical or testing procedures utilized, the sample size, or the name and location of any laboratory used.

As of the Effective Date of the Report there is no additional information, data, or results regarding the Phase 2 surface exploration program.

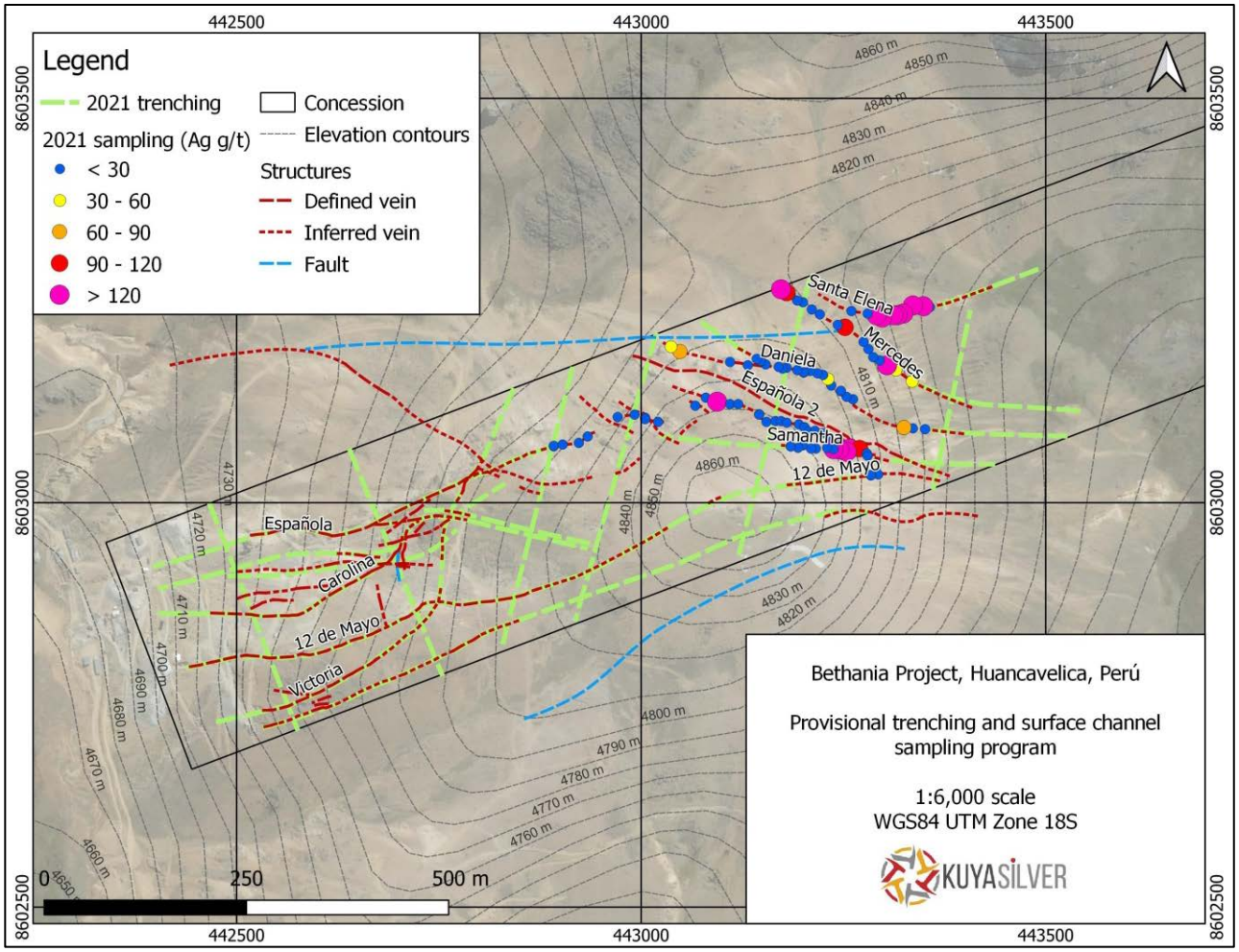


Figure 9-6. Bethania property map showing the multitude of main silver- and gold-bearing veins mapped at surface and the planned trenching and surface sampling for the Phase 2 surface program (Kuya news release dated 15 November 2022). The Hilltop Zone is located in the northeast area of the Santa Elena concession in the area of the Santa Elena, Mercedes, Daniela, and Española 2 veins (Kuya Silver, 2021).

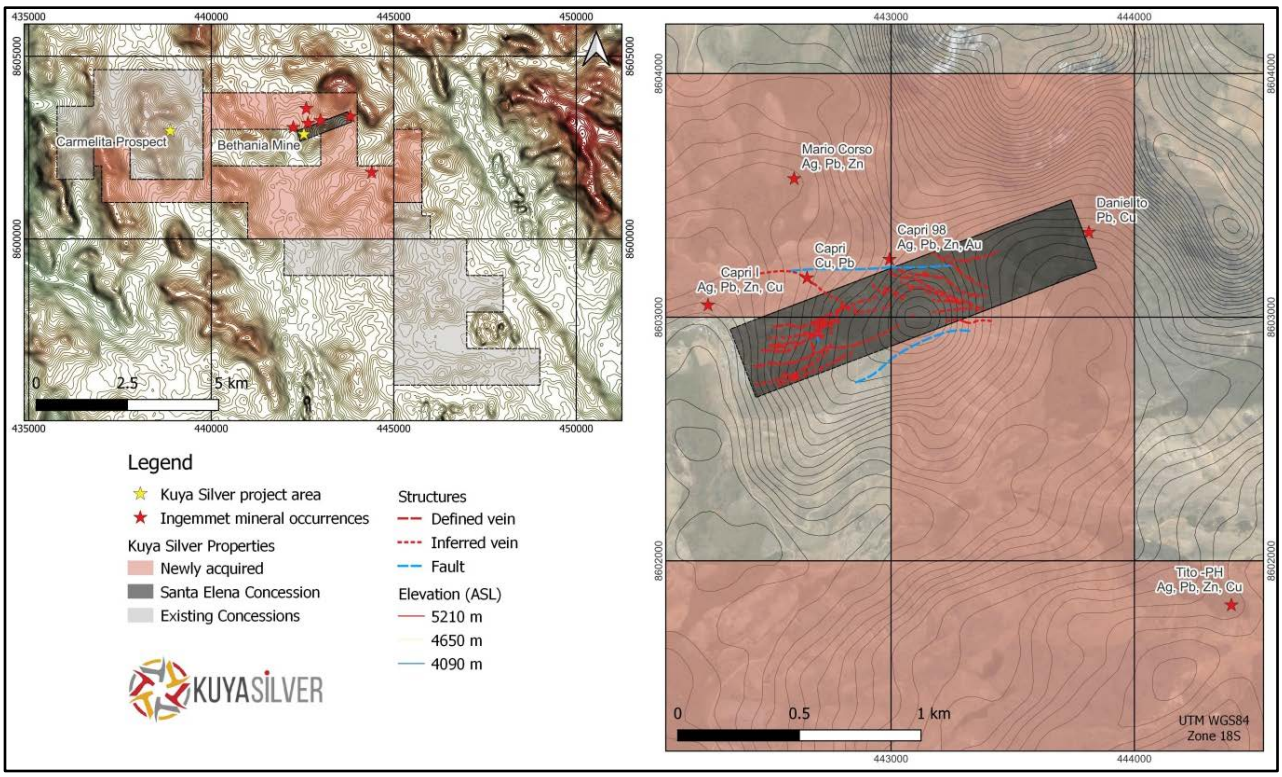


Figure 9-7. Property maps: (left) location of the main Santa Elena concession within the area of recently acquired concessions and INGEMMET (2003) reported mineral occurrences and (right) close up of the Santa Elena concession and mineral occurrences reported by INGEMMET (2003) (Kuya Silver, 2021).

9.7 Exploration Potential – Bethania Silver Mine

At the Bethania Mine (Santa Elena concession), much can be gained by drilling along the well-known east-northeast trending and lesser explored northwest-trending mineralized structures to determine strike and depth continuity, from surface and/or from underground. In most cases, this should involve relatively low risk drilling to increase the known mineralized vein system along strike and at depth and provide a better understanding of the mineralization style on the Property.

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

9.7.1 Strike Length Extension

Mining has occurred (and internal reserves calculated) on six veins, including the major Española and 12 de Mayo structures and the minor or cross-cutting Victoria, Carolina, Maria, Ramal 12 de Mayo, and Española 2 veins. The major structures have been explored from west to east, starting near the main adit at the western edge of the Property. Both structures have been developed for approximately 500 metres. Both the Española and 12 de Mayo veins have the potential to be delineated along the 1.5 km east-northeast to

west-southwest length of the Property, which could significantly increase the potential for additional mineralization. The minor structures, with the exception of Española 2 vein, were discovered subparallel to the major structures through regular mining development of the two major veins. In these cases, there is still significant strike length (200 to 300+ m) between the two major veins available for future exploration.

9.7.2 Depth Extension

Through mining at various levels over the past 40 years, the vertical continuity of both the major and minor veins appears to be very strong – all seven of the developed veins remain open at depth. While some pinching and swelling of veins is to be expected, minerals have been mined (or historical reserves developed) in the largest vein, 12 de Mayo, from the 4790 level down to the 4640 level, a depth of 150 metres. The vein at the bottom 4640 level still appears to be consistent with typical historical Bethania Mine production mineral grades and thicknesses, suggesting further depth potential. Stein (2018) notes a similar vertical extension in the Española, Maria, Carolina, Ramal 12 de May, and Victoria veins. At the Española 2 vein, located further east than the other six veins, mineralization has been identified at surface around the 4940 m elevation, with mining development at the 4830 level, and like the western veins, mineralization remains open at depth.

9.7.3 New Surface Vein Discoveries

Surface exploration work by Kuya in 2021 at the Hilltop Zone reported the discovery of several new veins, along with results from surface sampling (*see* news release dated 8 April 2021). The new surface exposed west-northwest trending vein systems are (*see* Figure 9-2 and Figure 9-6):

- Santa Elena - ~500 m along strike of easternmost historical Española 2 workings.
- Mercedes – sub-parallel and south of the northernmost Española 2 vein.
- Samantha - sub-parallel and south of the Española 2 vein.
- Daniel - between the Mercedes Vein to the north and the Española 2 vein to the south.

These sampled surface veins are located approximately 600 m to 1,000 m from the main Bethania adit to the southwest and 100 to 500 m east of the easternmost historical underground development. When mineralized, the vein zones sampled reported anomalously high silver and lead, and in some cases anomalous gold.

9.8 Exploration Potential – Other Concessions

9.8.1 Chinita I Concession

The Chinita I concession, located about 5.5 km east of the Santa Elena concession, covers a regional north-south oriented unconformity (fault) between older Cretaceous sedimentary (limestone) rocks in the east and Tertiary volcanic (andesite) and sedimentary (sandstone) rocks to the west. S&L identified several large (multi-kilometre) structures and alteration, however the Chinita property is at a very early stage and remains a lower priority target as Kuya looks to acquire properties closer to the Bethania Mine.

9.8.2 Carmelitas Concessions

The recently acquired Carmelita 2005, Carmelita 2005 I, and Carmelita 2005 II concessions (together "Carmelitas"), located about 4 km west of the Santa Elena concession, cover the historic Carmelita Silver Mine and the historical mining area located at Viscastina Hill (438914mE, 8602749mN; 4837 m AMSL).

Given the lithological, structural, mineralogical and alteration characteristics of the veins in the Carmelita mine, it has been classified as hydrothermal origin, low sulphidation epithermal volcanic. The silver, lead, zinc, and gold mineralized vein systems are hosted within a tectonic anticline. In detail, mineralization occurs as fracture filling with a banded texture, with minerals of argentite, galena and yellow sphalerite, and lesser fine pyrite, porous silica, rhodonite, manganese oxide, and limonite. Elevated gold concentrations are associated with high percentages of pyrite (Milla, 2016b).

9.8.3 Tres Banderas 01 through 07 Concessions and Claims

The Tres Banderas 01 through Tres Banderas 07, surround parts of the Santa Elena concession and extend approximately 5 km to the west, and 7 km southeast (*see* Figure 4-2), are underlain by Tertiary andesite, tuff, and tuff breccia cut by localized north-northeast-trending structures. These are early stage properties but hold potential for surface and/or near-surface epithermal vein systems associated with a deeper porphyry system.

10.0 DRILLING

On 18 March 2021, Kuya announced that it had commenced a Phase 1 drilling program (began 16 March 2021) at the Bethania Silver Project, with the plan to drill 5,000 metres in 36 holes. The Phase 1 drilling program began on 16 March 2021 (drill hole BDH-01 on platform PLAT-17) and finished on 26 May 2021 (drill hole BDH-36 on platform PLAT-19), totalling 4,988.05 metres in 36 drill holes (Table 10-1; Figure 10-1).

Table 10-1. Summary of Phase 1 diamond drilling program completed in March to May 2021.

BHID	Platform	Dip	Az	UTMX	UTMY	Elev (m)	Length (m)	Start (dd/mm/yyyy)	End (dd/mm/yyyy)
BDH-01	PLAT-17	-45	218	443341.64	8603114.95	4793.60	210.40	27/03/2021	02/04/2021
BDH-02	PLAT-11	-67.5	340	442889.42	8602956.99	4820.55	205.20	04/04/2021	09/04/2021
BDH-03	PLAT-10	-72	340	442838.33	8602953.67	4810.00	195.70	05/04/2021	09/04/2021
BDH-04	PLAT-11	-46	342	442889.34	8602957.14	4820.55	135.00	09/04/2021	11/04/2021
BDH-05	PLAT-10	-45	340	442838.08	8602954.34	4810.00	110.20	10/04/2021	11/04/2021
BDH-06	PLAT-10	-64	160	442838.33	8602953.69	4810.00	206.30	12/04/2021	17/04/2021
BDH-07	PLAT-11	-71	160	442889.48	8602956.83	4820.55	216.60	12/04/2021	16/04/2021
BDH-08	PLAT-15	-45	340	442742.47	8602932.96	4790.45	75.50	17/04/2021	17/04/2021
BDH-09	PLAT-09	-62	340	442805.69	8602897.02	4806.40	195.20	17/04/2021	20/04/2021
BDH-10	PLAT-08	-51	345	442749.01	8602891.36	4793.40	124.65	18/04/2021	20/04/2021
BDH-11	PLAT-08	-66	345	442749.32	8602890.23	4793.40	170.60	21/04/2021	22/04/2021
BDH-12	PLAT-09	-78	160	442805.66	8602897.11	4806.40	240.95	21/04/2021	24/04/2021
BDH-13	PLAT-09	-75	160	442749.62	8602890.19	4793.40	200.45	23/04/2021	25/04/2021
BDH-14	PLAT-02	-49	354	442443.94	8602811.87	4701.22	160.40	25/04/2021	27/04/2021
BDH-15	PLAT-12	-54	320	442402.38	8602862.38	4686.22	75.50	26/04/2021	27/04/2021
BDH-16	PLAT-13	-51	336	442434.36	8602865.06	4694.63	75.15	28/04/2021	28/04/2021
BDH-17	PLAT-02	-62	170	442443.79	8602810.03	4701.74	60.40	28/04/2021	28/04/2021
BDH-18	PLAT-14	-50	345	442472.90	8602881.24	4707.45	70.75	29/04/2021	29/04/2021
BDH-19	PLAT-01	-47	338	442414.70	8602808.61	4695.36	125.40	29/04/2021	02/05/2021
BDH-20	PLAT-21	-53	350	442483.89	8602847.76	4713.13	115.50	30/04/2021	04/05/2021
BDH-21	PLAT-22	-62	350	442537.33	8602872.22	4731.38	120.00	02/05/2021	04/05/2021
BDH-22	PLAT-22	-74	170	442537.32	8602872.06	4731.43	130.20	03/05/2021	06/05/2021
BDH-23	PLAT-21	-55	170	442484.24	8602845.36	4713.16	110.20	05/05/2021	06/05/2021
BDH-24	PLAT-24	-75	350	442627.10	8602905.23	4752.80	130.30	07/05/2021	09/05/2021
BDH-25	PLAT-25	-66	170	442687.89	8602890.93	4773.80	160.20	07/05/2021	11/05/2021
BDH-26	PLAT-24	-60	350	442626.97	8602906.02	4752.77	60.00	10/05/2021	11/05/2021
BDH-27	PLAT-24	-80	170	442627.78	8602906.88	4752.90	133.40	11/05/2021	13/05/2021
BDH-28	PLAT-25	-69	350	442687.93	8602890.97	4773.70	155.40	12/05/2021	16/05/2021
BDH-29	PLAT-24	-58	170	442627.96	8602905.82	4752.85	175.50	13/05/2021	15/05/2021
BDH-30	PLAT-23	-79	170	442589.92	8602870.25	4749.34	110.10	16/05/2021	17/05/2021
BDH-31	PLAT-25	-53	350	442687.65	8602891.95	4773.65	105.30	17/05/2021	20/05/2021
BDH-32	PLAT-23	-50	160	442591.03	8602868.78	4749.36	35.20	19/05/2021	19/05/2021
BDH-33	PLAT-25	-56	350	442589.55	8602871.38	4749.43	130.30	19/05/2021	20/05/2021
BDH-34	PLAT-26	-45	340	442782.87	8602968.32	4799.50	90.10	21/05/2021	23/05/2021
BDH-35	PLAT-17	-45	352	443339.75	8603117.23	4793.63	280.70	21/05/2021	27/05/2021
BDH-36	PLAT-19	-45	14	443272.61	8603147.03	4819.44	91.30	25/05/2021	26/05/2021

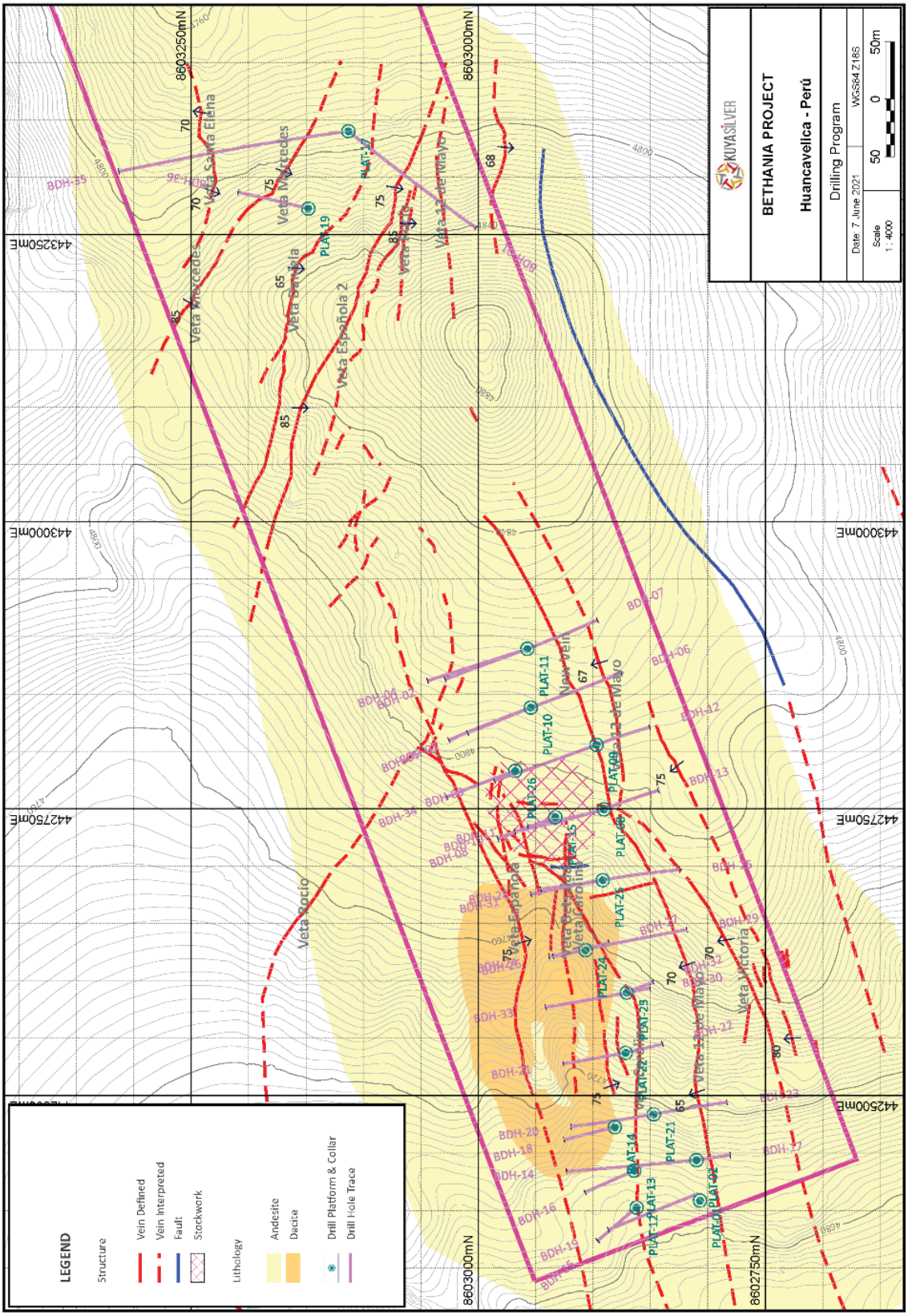


Figure 10-1. Location of drill hole collars and traces from the Phase 1 drilling program, overlain on the general geology of the Santa Elena concession, Bethania Silver Project (source: Kuya Silver, 2021).

The Phase 1 drilling program was split into two parts, with approximately 4,406.05 m aimed at the western third of the Property (Bethania Mine area), testing the seven main veins that make up historical mineral resources and were the target of previous mining activities. The assays and geotechnical measurements taken from this portion of the drilling program have been used to update the 3D geological model to support the future initial mineral resource estimate, which in turn may be used to develop a mine production plan and mineral reserve estimate.

The remaining 582 m targeted the Española 2 area, east-northeastern portion of the Property (Hilltop Zone), in this initial phase to confirm the extent of historical mining from the Española 2 adit, as well as testing other newly identified veins at surface. This series of drill holes are located approximately 900 m east of the main Bethania mine adit.

Drill core samples began to be submitted to the SGS laboratory in Lima, Peru as of 20 April 2021. The analyses were carried out using code FA313 - Fire Assay for gold; code ICP40B - ICP-AES Multi-acid digestion for 36 elements; and code AAS41B - Atomic Absorption, multi-acid digestion for Ag, Pb, Zn over upper detection limits. The upper detection limit on the multi-acid digestion assays for lead of 20% was reached in a few instances. SGS Laboratories in Lima has international certifications OHSAS 18001, ISO 14001 and ISO 9001 and is accredited by INACAL under the NTP-ISO / IEC 17025.

Logging and sampling procedures and the details of the QA/QC sampling program for the 2021 drilling program are provided in Section 11.

10.1 Diamond Drilling Procedures

The drilling program began on 16 March 2021 with one drill rig, with an additional drill rig incorporated into the program on 1 April 2021 (Figure 10-2). Drilling took place in two shifts and ran 24 hours per day, seven days per week. Drilling was contracted to Ingeomin S.A.C. (Lima, Peru) with all core drilled in HQ3 (61.1 mm diameter). On completion of each hole, the casing was removed, the hole opening cemented closed, and the location covered with a cement marker (Figure 10-3).

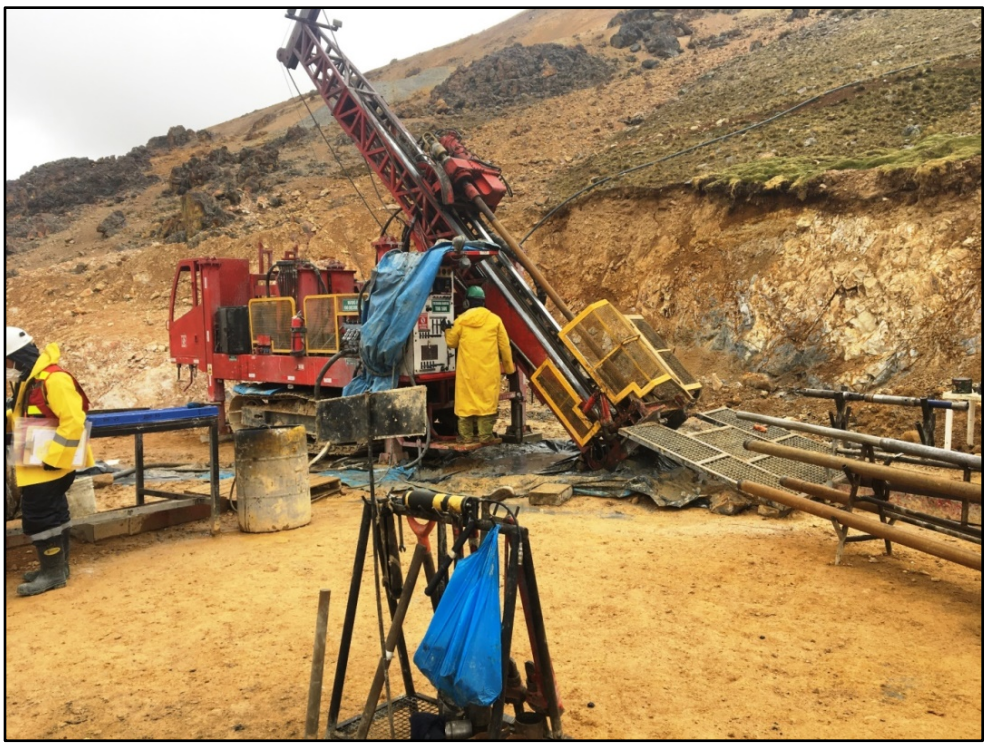


Figure 10-2. Diamond drilling at platform number PLAT-017 and drill hole BDH-35 (source: Simon Mortimer, 2021).

Figure 10-3. Example of cement marker/hole cover with drill hole information placed at each of the drill hole collar locations (source: Kuya Silver, 2021).

10.1.1 Drill Hole Setup

The Kuya exploration team set up the drill platforms in advance according to the plan submitted within the environmental impact assessment. It was the responsibility of the drilling contractors with the support of the Kuya surveyor to locate the drill collar and align the rig according to the drill plan provided to them by the Kuya exploration team.

The Kuya surveyor assisted the drilling contractors using a LEICA TS02 Power 5 Series Total Station to locate the drill hole collar and orientate the hole. The location of the drill hole collar was surveyed again after the completion of the hole.

10.1.2 Downhole Surveys and Core Orientation

The drilling contractor Ingeomin was responsible for recording the downhole survey, using a DeviGyro™ multishot surveying tool manufactured by Devico (Figure 10-4), they took downhole deviation measurements approximately every five to twenty-five metres. Measurements were taken with runs down and back up the drill barrel with the average of both runs being used. The survey data extracted from the DeviGyro™ tool was imported directly into the drilling database.

The drilling contractors were also responsible for recording the core orientation, using the Devico core orientation tools they were able to align the top and bottom of the core within the core box (Figure 10-5).

Figure 10-4. Devico downhole DeviGyro™ multishot survey equipment (source: Simon Mortimer, 2021).

Figure 10-5. Orientated drill core measured using the Devico orientation tools, recorded by the drilling contractors, Ingeomin (source: Simon Mortimer, 2021).

10.2 Drill Core Assay Results

On 26 July 2021, Kuya released drill core assay results from the Phase 1 diamond drilling program (Table 10-2 and Table 10-3). The drilling program indicated that silver mineralization is present in the unmined extensions of known veins within the Bethania Mine, both along strike and at depth, as well as identifying new targets within the east-northeast trending vein system. A plan view map of drill hole traces and intersections of existing and newly discovered veins at Bethania is provided in Figure 10-1.

Kuya drilled three of the 36 holes (582 m) into the Hilltop Zone, which is a new target area to the east of the Bethania mine where Kuya has previous identified mineralized vein samples at surface (*see* Kuya news release dated 8 April 2021). This drilling is interpreted to have intersected the Mercedes Vein in BDH-36, and the Española 2 Vein and Daniela Vein at depth in BDH-01 (Table 10-3).

Table 10-2. Summary of drill core assay results, Phase 1 diamond drilling at Bethania Mine area (AgEq*).

Hole ID	From (m)	To (m)	Interval (m)	Est. True Width (m)**	Ag (g/t)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	AgEq* (g/t)	AgEq* (g*m)
BDH-03	164.55	166.20	1.65	0.81	44.95	1.97	0.0	0.01	0.0	183.38	302.58
incl.	164.55	165.30	0.75	0.37	70.10	3.45	0.0	0.01	0.0	308.90	231.67
BDH-03	191.45	192.95	1.50	0.72	192.44	0.72	0.0	0.48	0.6	279.70	419.56
incl.	192.75	192.95	0.20	0.10	1325.00	2.51	0.2	3.10	3.0	1702.58	340.52
BDH-10	123.22	124.65	1.43	1.23	749.00	0.63	0.4	2.58	2.5	987.12	1411.58
BDH-13	51.90	52.80	0.90	0.59	84.76	0.74	0.0	0.62	3.6	279.64	251.68
BDH-13	182.14	185.10	2.96	1.09	98.10	0.23	0.0	0.43	0.9	157.51	466.24
incl.	184.17	185.10	0.93	0.34	171.00	0.35	0.0	0.58	0.8	239.65	222.87
BDH-15	33.95	37.55	3.60	2.95	35.12	0.15	0.0	0.80	0.7	90.67	326.42
incl.	33.95	34.15	0.20	0.16	338.00	1.54	0.1	8.17	7.6	928.53	185.71
BDH-15	56.55	57.70	1.15	0.83	203.02	0.14	0.1	2.59	5.2	472.29	543.14
incl.	56.80	57.30	0.50	0.36	394.00	0.16	0.3	4.53	9.8	889.11	444.55
BDH-15	64.35	65.40	1.05	0.87	257.62	0.18	0.4	1.81	1.6	414.93	435.68
incl.	64.55	65.00	0.45	0.37	580.00	0.32	0.9	3.88	3.2	908.34	408.75
BDH-16	27.90	29.15	1.25	0.69	267.24	0.14	0.1	3.68	1.8	444.49	555.61
incl.	27.90	28.10	0.20	0.11	1613.00	0.27	0.4	20.00	7.5	2464.45	492.89
BDH-17	42.90	45.50	2.60	1.60	751.88	0.31	0.2	5.24	1.9	994.71	2586.24
incl.	42.90	43.30	0.40	0.25	3994.00	0.86	0.9	20.00	8.5	4972.62	1989.05
BDH-17	58.50	60.40	1.90	unk.	99.86	0.20	0.0	1.07	0.7	170.17	323.33
incl.	59.00	59.45	0.45	unk.	315.00	0.26	0.1	2.39	1.5	453.59	204.11
BDH-18	57.75	58.50	0.75	0.67	385.67	0.46	0.4	4.15	3.6	699.21	524.40
BDH-19	101.50	102.15	0.65	0.39	397.00	0.21	0.1	10.87	3.2	820.67	533.43
BDH-20	97.05	97.90	0.85	0.75	523.61	0.60	0.5	5.39	2.4	839.89	713.90
incl.	97.05	97.50	0.45	0.40	927.00	1.01	0.8	10.05	4.3	1498.98	674.54
BDH-21	81.00	83.85	2.85	1.65	207.12	0.07	0.0	0.72	0.1	236.36	673.64
incl.	83.00	83.85	0.85	0.49	438.00	0.10	0.0	2.35	0.1	515.83	438.45
BDH-23	69.60	72.33	2.73	unk.	97.02	0.55	0.0	0.67	0.6	176.51	481.88
incl.	70.74	71.10	0.36	unk.	374.00	2.50	0.1	0.55	1.6	624.21	224.71
BDH-23	76.50	77.40	0.90	0.61	241.93	0.20	0.1	0.88	2.0	356.96	321.27
incl.	77.10	77.40	0.30	0.20	612.00	0.27	0.3	2.23	5.6	911.52	273.46
BDH-23	88.10	89.85	1.75	1.46	138.71	0.26	0.1	0.56	1.7	234.23	409.90
BDH-24	106.35	107.55	1.20	0.63	765.48	0.64	0.2	8.88	1.7	1127.21	1352.65
incl.	106.35	106.80	0.45	0.24	1818.00	0.86	0.5	20.00	3.3	2573.94	1158.27
BDH-25	38.00	40.90	2.90	2.10	4.51	1.10	0.1	0.00	0.0	86.66	251.31
BDH-25	60.85	62.40	1.55	1.17	155.91	0.63	0.2	2.32	2.0	349.77	542.15
incl.	61.30	61.90	0.60	0.45	359.00	1.10	0.4	5.35	4.1	763.99	458.40
BDH-27	126.50	130.15	3.65	2.34	179.63	0.18	0.1	1.11	0.4	248.04	905.33
incl.	129.20	130.15	0.95	0.61	640.63	0.31	0.4	2.37	1.0	803.16	763.00
BDH-28	118.52	120.85	2.33	1.12	253.17	1.12	0.1	1.57	0.9	412.08	960.14
incl.	119.40	120.85	1.45	0.70	373.00	1.41	0.1	2.10	1.1	578.06	838.19
BDH-28	123.80	125.15	1.35	0.81	109.61	0.54	0.0	0.66	1.0	201.71	272.30
incl.	124.95	125.15	0.20	0.12	710.00	3.20	0.1	4.36	6.6	1282.33	256.47
BDH-29	87.95	89.40	1.45	1.18	332.77	1.73	0.6	3.29	2.1	673.00	975.84
incl.	88.38	88.70	0.32	0.26	1209.00	6.33	1.8	9.51	5.0	2257.41	722.37
BDH-30	95.90	97.40	1.50	0.90	225.08	1.24	0.7	1.32	1.5	471.58	707.37
BDH-31	93.20	95.20	2.00	1.60	238.00	1.55	0.6	1.24	1.3	481.90	963.81
BDH-33	0.00	2.00	2.00	unk.	81.80	0.12	0.0	1.96	0.1	151.00	302.00

Hole ID	From (m)	To (m)	Interval (m)	Est. True Width (m)**	Ag (g/t)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	AgEq* (g/t)	AgEq* (g*m)
BDH-33	122.55	129.27	6.72	5.51	121.22	0.38	0.1	1.98	0.5	222.56	1495.61
incl.	128.25	128.70	0.45	0.37	696.00	0.76	0.0	20.00	0.7	1304.30	586.94
BDH-34	42.40	46.00	3.60	2.92	37.31	0.56	0.1	0.66	0.2	108.88	391.98
BDH-34	52.00	54.00	2.00	unk.	4.80	1.69	0.1	0.03	0.1	141.24	282.49

*AgEq calculated using US$26.20 Ag/oz; US$1782.30 Au/oz; US$9,368 Cu/tonne; US$2,217.95 Pb/tonne; US$2,879.17 Zn/tonne;
**estimated true width based on visual estimates made from drill hole cross sections; unk = unknown

Table 10-3. Summary of dill core assay results, Phase 1 diamond drilling at the Hilltop Zone.

Hole ID	From (m)	To (m)	Interval (m)**	Ag (g/t)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	AgEq* (g/t)	AgEq* (g*m)
BDH-01	50.70	52.30	1.60	11.2	0.12	0.09	0.16	0.06	36.00	57.60
incl.	52.05	52.30	0.25	56.3	0.64	0.52	0.81	0.15	183.29	45.82
BDH-01	75.30	76.45	1.15	13.7	0.00	0.01	0.76	0.05	36.52	41.99
incl.	76.25	76.45	0.20	76.3	0.02	0.03	4.30	0.25	203.20	40.64
BDH-36	54.20	57.70	3.50	62.3	0.01	0.01	0.01	0.02	64.93	227.25
incl.	57.15	57.70	0.55	251.0	0.01	0.02	0.04	0.05	256.54	141.10

*AgEq calculated using US$26.20 Ag/oz; US$1782.30 Au/oz; US$9,368 Cu/tonne; US$2,217.95 Pb/tonne; US$2,879.17 Zn/tonne;
**true widths are not known, and drill core intervals are being treated as core lengths.

11.0 SAMPLE PREPARATION, ANALYSIS AND SECURITY

To the extent that it is available, information regarding the sample preparation, analyses, and security for historical work performed on the Property is provided in Section 6. Information in this section applies to current work completed by Kuya on the Santa Elena mining concession.

It is the Authors' opinion that the Issuer followed acceptable standards and protocols in the collection, sample preparation, analysis and security of the information and data collected during their exploration work that is the subject of the Report. Furthermore, the sample preparation, security and analytical procedures followed are adequate to support the reliability of the data and information presented herein.

11.1 Certified Reference Material

For Kuya's QA/QC programs, the Certified Reference Material ("CRM") used in all of Kuya's 2021 exploration programs (*i.e.*, surface sampling and drilling) is summarized in Table 11-1, Table 11-2, and Table 11-3. The three different CRMs used were supplied by Smee & Associates Consulting Ltd. North Vancouver, BC, Canada. These CRMs were chosen on the basis of their range of gold, silver, copper, lead, zinc, and iron concentrations, and because they were extracted from an epithermal deposit similar in nature to the deposit being drilled.

Table 11-1. Summary of Certified Reference Material PLSUL29 used in the Kuya QA/QC program.

Element	Certified Mean	2 Std Dev (between lab)
FA Au	0.525 g/t	0.030 g/t
AR Ag	40.8 ppm	2.9 ppm
AR Cu	550 ppm	40 ppm
AR Pb	1.15%	0.06%
AR Zn	1.52%	0.06%
AR Fe	3.44%	0.24%

Table 11-2. Summary of Certified Reference Material PLSUL30 used in the Kuya QA/QC program.

Element	Certified Mean	2 Std Dev (between lab)
FA Au	0.438 g/t	0.022 g/t
AR Ag	185 ppm	7.0 ppm
AR Cu	1861 ppm	71.0 ppm
AR Pb	4.17%	0.20%
AR Zn	6.63%	0.22%
AR Fe	4.80%	0.54%

Table 11-3. Summary of Certified Reference Material PLAUL31 used in the Kuya QA/QC program.

Element	Certified Mean	2 Std Dev (between lab)
FA Au	0.164 g/t	0.012 g/t
AR Ag	93 ppm	4.0 ppm
AR Cu	0.095%	0.008%
AR Pb	2.02%	0.05%
AR Zn	3.28%	0.20%
AR Fe	2.47%	0.21%

Means and standard deviations were calculated from data supplied by six laboratories, each performing 10 analyses on randomly selected samples. Gold was analyzed using Fire Assay and ICP or AAS finish and base metals were analyzed using an aqua regia digestion and ICP or AAS finish.

The participating laboratories were:

- ALS, Lima
- SGS, Lima
- Certimin, Lima
- Inspectorate, Lima
- Actlabs, Lima
- BV, Vancouver

The final limits were calculated after first determining if all data was compatible within a spread normally expected for similar analytical methods done by reputable laboratories. Data from any one laboratory was removed from further calculations when the mean of all analyses from that laboratory failed a test of the global means of the other laboratories. The means and standard deviations were calculated using all remaining data. Any analysis that fell outside of the mean ±2 standard deviations was removed from the ensuing data base.

It should be noted that the exploration program assays (*i.e.*, surface sampling and drill core) were analyzed using 4-acid “Near Total” Digestion whereas the standards were certified using aqua regia digestion.

11.1.1 Blank Material

The blank reference material was provided by Target Rocks of Lima, sourcing both fine- and coarse-grained reference material from certified sterile rocks. The fine-grained material was used to monitor for contamination in the assaying procedures whereas the coarse-grained material was used to monitor for contamination in both the sample preparation and assaying procedures at the laboratory.

11.2 Surface Vein Sampling (2021)

In February-March 2021, the Company completed surface sampling on several known and newly discovered veins at Bethania, releasing the results on 8 April 2021. Samples were collected as rock grab samples (rock chip samples) along the exposed veins and a few samples were collected from the host rocks (hanging wall/foot wall) to the veins. Rock grab samples and associated QA/QC standards and blanks were submitted for preparation and analysis at SGS Laboratories Ltd., ("SGS") in Callao, Lima, Peru.

Kuya is independent of SGS Laboratories. SGS has international certifications OHSAS 18001, ISO 14001, and ISO 9001 and management is certified by INDECOPI under the NTP ISO IEC 17025:2006.

11.2.1 Sample Preparation and Analysis

The samples were dried, crushed, quartered, and pulverized, separating a 140 mesh, 250 gram sample for analysis. They were then treated using a 4-Acid "Near Total" Digestion with subsequent analysis by ICP-OES finish for a suite of 36 elements, including Ag, Pb, Zn, Cu and Mo, and analysis by atomic absorption ("AA") fire assay for Au.

Subsequently, samples with Ag concentrations greater than 100 ppm (above the ICP Ag upper detection limit), Pb concentrations greater than 10,000 ppm (above the ICP Pb upper detection limit), Cu concentrations greater than 10,000 ppm (above the ICP Cu upper detection limit), Zn concentrations greater than 10,000 ppm (above the ICP Zn upper detection limit) were analyzed by flame atomic absorption.

11.2.2 Quality Assurance/Quality Control

A Quality Assurance/Quality Control ("QA/QC") program, consisting of the regular insertion of Certified Reference Material ("CRM") standards and blanks into the sample stream by Kuya personnel, was implemented on site. In addition, SGS monitored the sample preparation and analytical process with their own internal QA/QC practices (pulp blanks, standards, pulp duplicates and sieve tests on sample rejects and pulps). About 10% of the total samples submitted to the laboratory were QA/QC samples (Table 11-4). QA/QC samples were inserted into the sample stream at a rate of two samples per group of 20 samples using one CRM standard and one blank (alternating between using fine- and coarse-grained certified blanks).

Table 11-4. Summary of the number of primary and QA/QC samples taken and submitted to the laboratory as part of the 2021 surface vein sampling program.

Kuya Sampling	QA/QC Control	Recommended Insertion Rate	No. Surface Samples	%
Primary Samples	-	-	120	-
Coarse blanks	Contamination	1%	2	1.7%
Fine Blanks	Contamination	1%	3	2.5%
Low Grade	Standards	2%	3	2.5%

Kuya Sampling	QA/QC Control	Recommended Insertion Rate	No. Surface Samples	%
Medium Grade	Standards	2%	2	1.7%
High Grade	Standards	2%	2	1.7%
	Overall Insertion Rate:	**10%**	**132**	**10.0%**

11.3 Diamond Drilling (2021)

Kuya's Phase 1 diamond drilling program began on 18 March 2021 and was completed by 25 May 2021, totalling 36 holes and 4,988.05 metres. A total of 3,738 core and QA/QC (blank, standard and duplicate) samples were submitted for preparation and analysis at SGS in Callao, Lima, Peru.

Kuya is independent of SGS Laboratories. SGS has international certifications OHSAS 18001, ISO 14001, and ISO 9001 and management is certified by INDECOPI under the NTP ISO IEC 17025:2006.

Of the total 3,738 samples submitted, 3,256 were primary drill core samples and 482 were standards, blanks, or check duplicates (Table 11-5). Core recovery averaged about 98%.

Table 11-5. Summary of the number of the primary and QA/QC samples taken and submitted to the laboratory as part of the Kuya 2021 Phase 1 diamond drilling campaign.

Kuya Sampling	QA/QC Control	Recommended Insertion Rate	No. Drill Core Samples	%
Primary Samples	-	-	3,256	-
Twin Samples	Sampling Precision	2%	161	4.9%
Coarse blanks	Contamination	1%	78	2.4%
Fine Blanks	Contamination	1%	82	2.5%
Low Grade	Standards	2%	54	1.7%
Medium Grade	Standards	2%	54	1.7%
High Grade	Standards	2%	53	1.6%
	Overall Insertion Rate:	**10%**	**3,738**	**14.8%**

11.3.1 Core logging and Sampling

11.3.1.1 Core Collection

As drill core is retrieved from the core barrel at the drill rig, it is placed into plastic core trays or core boxes (each tray holds four metres of core). The core trays are labelled with the drill hole ID, core tray number, and the from-to interval. Core intervals in the core trays are marked with numbered plastic blocks.

An average of 10 boxes of core were collected from the drill hole platform every morning by the contract geological services group BISA and delivered to the core logging room. The core and trays were cleaned,

then set out on the core logging tables where the core was oriented (turned) in order to be in a consistent orientation.

11.3.1.2 Core Logging

A quick log of the drill core was generated daily and sent to management and others on the technical team to review. As core arrived at the main logging facility to be logged, it is ensured that the core has been cleaned and properly oriented. The main contacts (lithological, alteration and mineralization) are marked out. The quick log is completed in a clear and summarized way, characterizing the lithology, alteration, and mineralization. For the mineralization log, vein impacts or failure to reach veins, should be noted as "From" and "To" and mineralization intensity noted along with the interval. This information is recorded in an E-mail as this information is not entered into the final database.

The core boxes were arranged on the logging tables in an ascending correlative way, the technician recorded and reported on any poorly recovered or missing intervals, broken or damaged boxes, incorrectly placed core etc. The core was logged by the contract geologist and geotechnician, and information entered into Micromine's Geobank™ Mobile logging and assay handling software.

The Senior Geologist responsible for logging the hole, selected and marked the sampling intervals, considering the contacts between geologically significant units based on:

- Lithology: type of rock.
- Alteration: type of alteration and degree of significant alteration.
- Mineralization: characteristics and intensity of the type of mineralization.
- Structures: such as veinlets, veins, faults, dikes, etc.

Sample intervals were marked by the geologist using a minimum sample length of 0.20 m and a maximum sample length of 2.00 m unless unusual circumstances dictated otherwise. Samples with less than 30% recovery would be assigned a sample ticket with the sample type as "IS" (insufficient sample) and the senior Geologist would then decide if and how the technician should or should not sample this section.

The Senior Geologist responsible for logging, marked the core using yellow or red chalk or crayon (China marker) by drawing a line along the axis of the core, in such a way that it divides the core exactly into two parts with equal proportions of mineralization for the drawing of the cutting line (sections to be sampled).

The selection, location and insertion percentage of QA/QC samples were carried out in accordance with the Quality Assurance/Quality Control protocols (standards, blanks, duplicates, etc.) developed by Kuya to acceptable standards.

Sampling intervals were coded onto sample stubs and recorded into the computer logging system. On the sampling stubs was recorded: drill hole name; From-To interval, sample type, geologist name, sampler name, and date (dd/mm/yyyy).

Once the hole was logged in its entirety the Senior Geologist reviewed the database for that entire hole to make sure there were no obvious errors, and that the logging and sampling had been completed together with proper QA/QC. Once the core was oriented, marked and logged, it was taken to the core cutting area to be cut and sampled.

11.3.1.3 Sampling

Core cutting was completed using a diamond core table saw being careful to re-orient the core back into its original position in the core tray after cutting (Figure 11-1). After each core section was cut and sampled, the diamond saw blade was cleaned using a pumice stone or other cleaning block.

Figure 11-1. The on-site core cutting operation, completed by the geological service providers, BISA. (source: Simon Mortimer, 2021).

One half of the cut core was collected as a laboratory sample and placed into a plastic sample bag, which is labelled on both sides, the other half is kept in the core tray. A sample tag was placed into the sample bag with the laboratory core sample and the same sample number tag attached to the core tray at the start of the core interval from which the sample was collected. The sample number was also written on the half of core that was saved in the core tray. The sample bag is closed with a security seal. The sampled bag is weighed, and the information recorded on the sampling card.

The Senior Geologist coordinated the laboratory shipment sheets of the batches of samples for preparation and analysis. The geologist in charge, and the sampler and his assistant, verified the correct order and identification of the samples being prepared for shipment.

11.3.2 Sample Storage and Security

After the core was logged and sampled on the Property, it was temporarily stored in a secure warehouse near the core logging facility (Figure 11-2). Core samples were placed in a safe and secure location prior to shipment to the laboratory. Core samples were shipped to SGS Lima by truck using a bonded courier service. By the end of the drilling program, all of the cores were shipped to Lima and is stored in a safe and secure warehouse. The core sample pulps and rejects from the laboratory were returned to Kuya and stored at the same warehouse.

Figure 11-2. The on-site secure sample storage facility with labelled nylon sacks containing the individual samples, ready and waiting shipment to the laboratory in Lima (source: Simon Mortimer, 2021).

11.3.3 Analytical - Sample Preparation and Analysis

At SGS, the core samples were dried, crushed, quartered, and pulverized, separating a 140 mesh, 250 gram sample for analysis. They were then treated using a 4-Acid “Near Total” Digestion with subsequent analysis by ICP-OES finish for a suite of 36 elements, including Ag, Pb, Zn, Cu and Mo, and analysis by atomic absorption (“AA”) fire assay for Au.

Subsequently, samples with Ag concentrations greater than 100 ppm (above the ICP Ag upper detection limit), Pb concentrations greater than 10,000 ppm (above the ICP Pb upper detection limit), Cu

concentrations greater than 10,000 ppm (above the ICP Cu upper detection limit), Zn concentrations greater than 10,000 ppm (above the ICP Zn upper detection limit) were analyzed by flame atomic absorption.

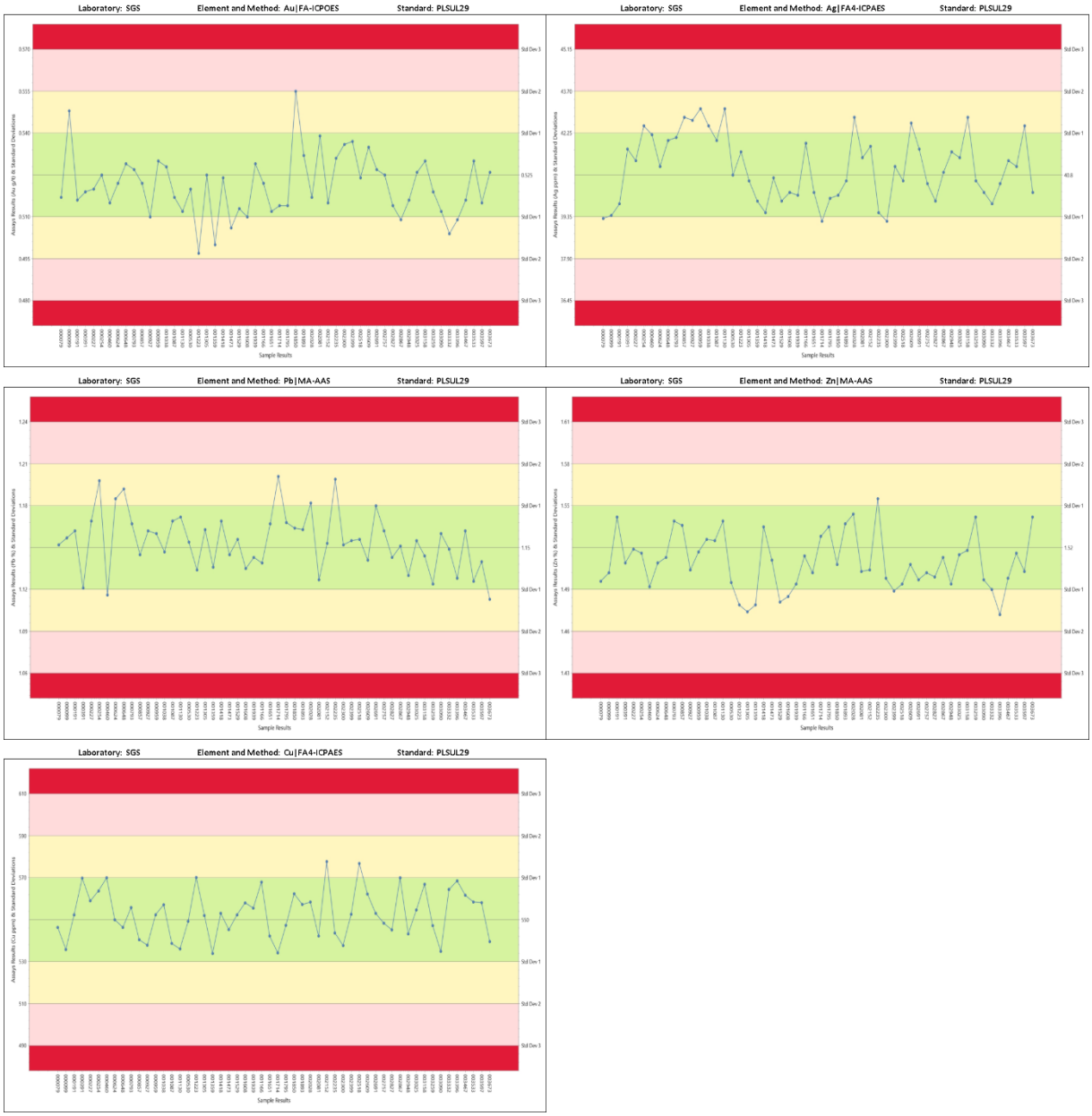
11.3.4 Quality Assurance/Quality Control

A QA/QC program consisting of the regular insertion of Certified Reference Material standards (*see* Table 11-1, Table 11-2, and Table 11-3) and blanks and quarter core duplicates into the sample stream by Kuya Silver was in place as well as the industry standard internal QA/QC practices used by SGS.

About 15% of the total samples submitted to the laboratory were QA/QC samples. QA/QC samples were inserted into the sample stream at a rate of three samples per group of 20 samples using one CRM, one blank, and one core duplicate. All CRMs used in the diamond drilling program are the same used in the surface vein sampling program (*see* Section 11.1.3) (*see* Table 11-1, Table 11-2, and Table 11-3).

During the Phase 1 2021 drilling program, 3,738 samples were analyzed, 3,256 of those were from drill core and 482 were QA/QC control samples, 160 blanks, 161 CRM standards, and 161 duplicates.

The analyses of the CRMs were plotted on a graph with the expected mean and ±1, ±2 and ±3 times the expected standard deviation. The figures 11-3 ,11-4 and 11-5 show the variation of the analyses of the PLSUL29, PLSUL30, and PLSUL31 respectively, throughout the drill campaign.



Figures 11-3. QC/QC analyses for Au, Ag, Pb, Zn and Cu of the CRM PLSUL29.

Figures 11-4. QA/QC analyses for Au, Ag, Pb, Zn and Cu of the CRM PLSUL30.

Figures 11-5. QA/QC analyses for Au, Ag, Pb, Zn and Cu of the CRM PLSUL30.

The analyses of the low-grade CRM (PLSUL29) show a good correlation with the expected mean for all the reviewed elements. The high-grade CRM (PLSUL30) returns more variable results for gold and lead, but still within recognised standard limits; however, the copper and silver display a bias, returning a higher-than-expected assay value. The medium grade CRM (PLSUL31) still shows bias for silver and copper albeit slightly less. The variations from the expected values for the higher and medium grade materials are because the expected results and the standard deviations of the expected are based upon aqua-regia digestion while the samples in this campaign were analysed using a four-acid digestion process.

The use of Blanks in the QA/QC program is to monitor possible contamination in the pulverizing process of sample laboratory. The materials used for blanks used were selected by Actlabs and certified by Target Rocks. The 160 blanks that were inserted into the sample stream comprised 82 fine grained blank samples and 78 coarse blank samples. The expected result for the coarse blanks is five (5) times the detection limit and for the fine-grained blanks three (3) times the detection limit. The figures 11-6 and 11-7 details the results from the analyses of the coarse blanks and the fine-grained blanks, respectively.

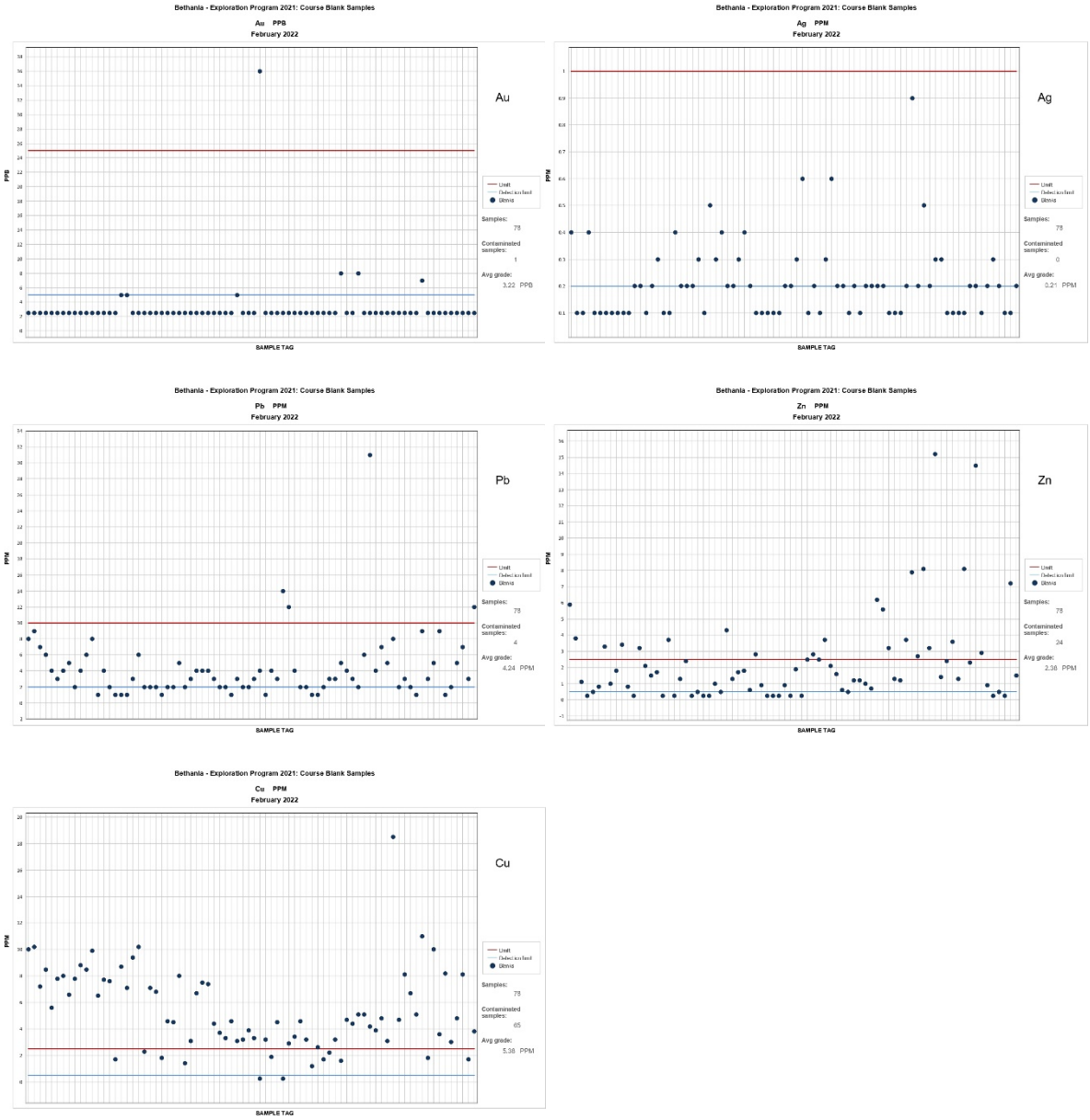


Figure 11-6. QA/QC analyses of the Course Blanks for Au, Ag, Pb, Zn y Cu.

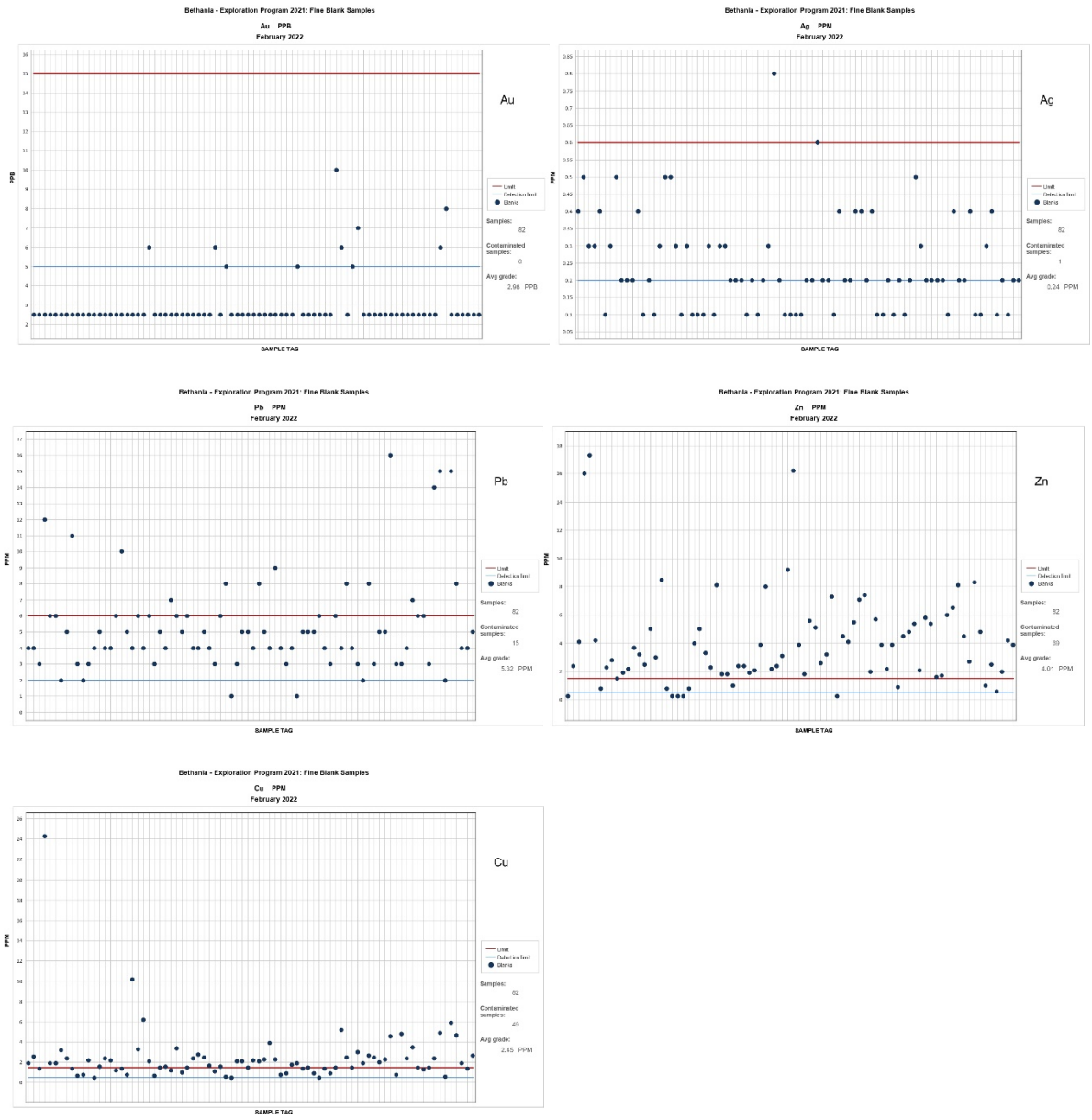


Figure 11-6. QA/QC analyses of the Course Blanks for Au, Ag, Pb, Zn y Cu.

In both the fine-grained and large-grained blanks the results for Ag, Pb and Au are all below the established limit; however, the values returned for zinc and copper do not appear to correspond with the detection limits that have been applied in the upper limit calculation. This observation is being reviewed.

A total of 161 quarter-core field duplicates were analyzed, and the respective Max-Min graphs were prepared for the pair analyses of Au, Ag, Pb, Zn and Cu. The data was plotted against the line x=y for the lower limit and the curve $y^2=m^2x^2+b^2$, where m=1.35 and b =20x, for the upper limit; a parameter commonly applied for core duplicates. Figures 11-7, 11-8, 11-9, 11-10, and 11-11 show the duplicate analysis graphs for gold, silver, lead, zinc, and copper, respectively.

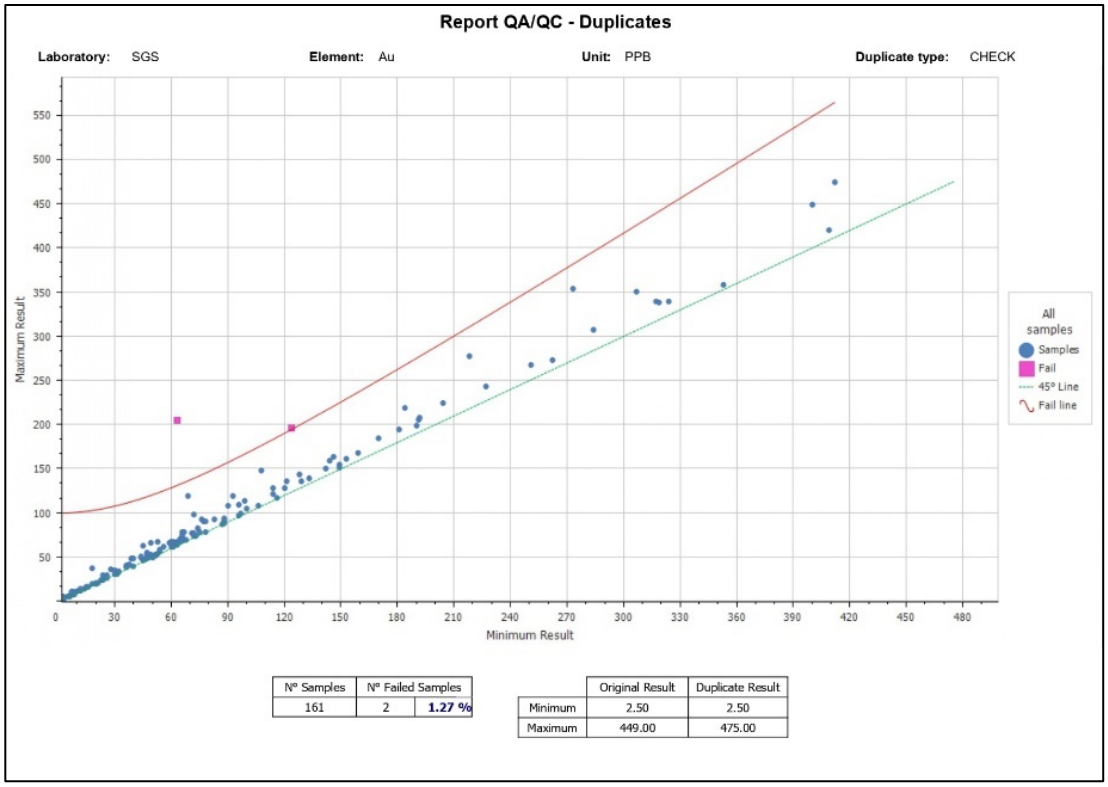


Figure 11-7. Duplicate Sample Analysis for Au.

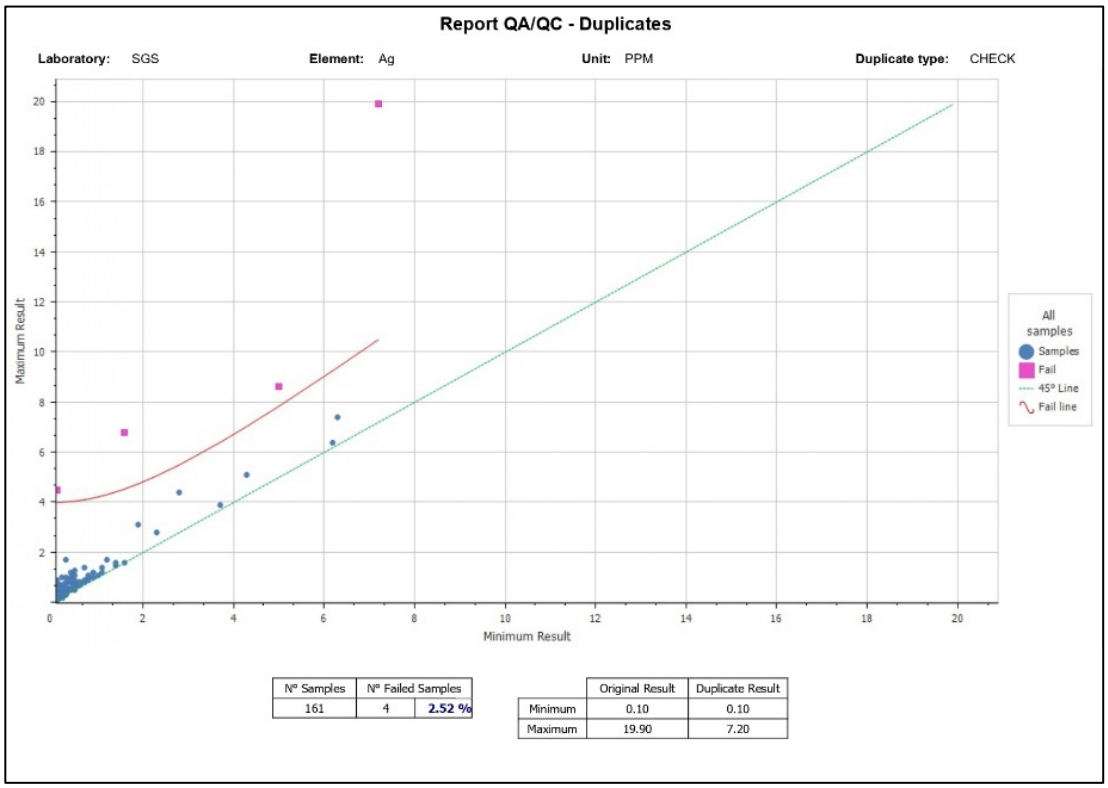


Figure 11-8. Duplicate Sample Analysis for Ag.

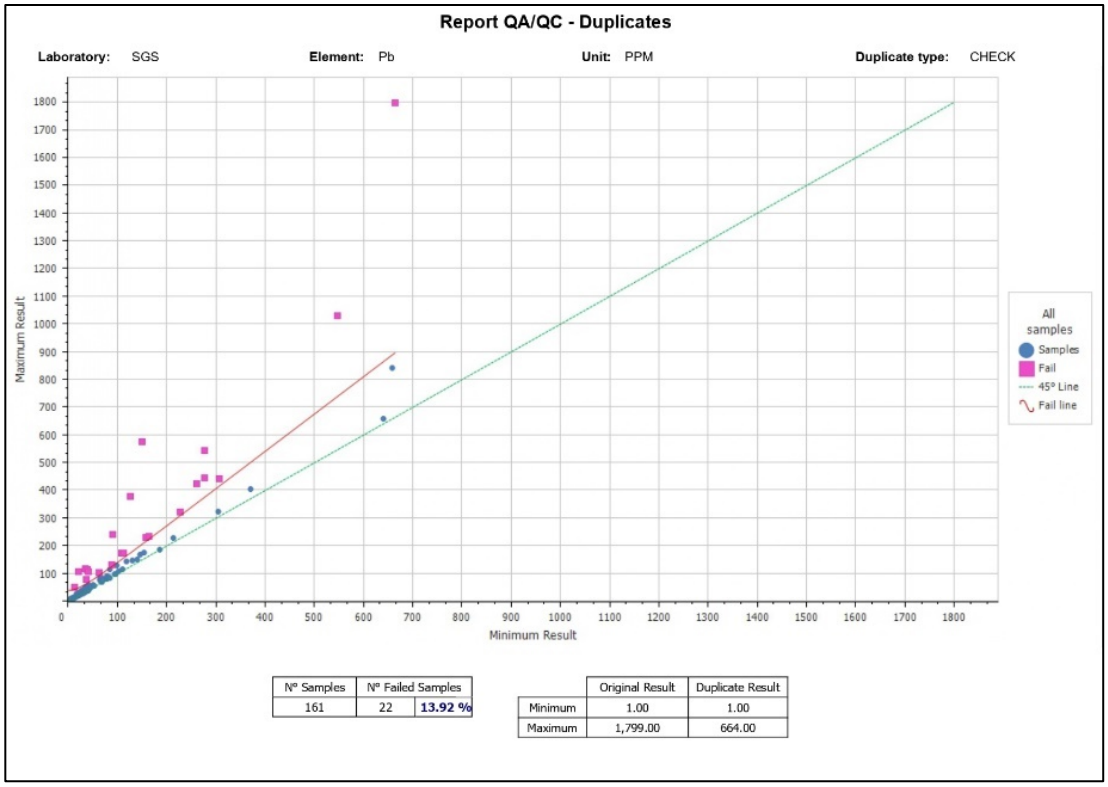


Figure 11-9. Duplicate Sample Analysis for Pb.

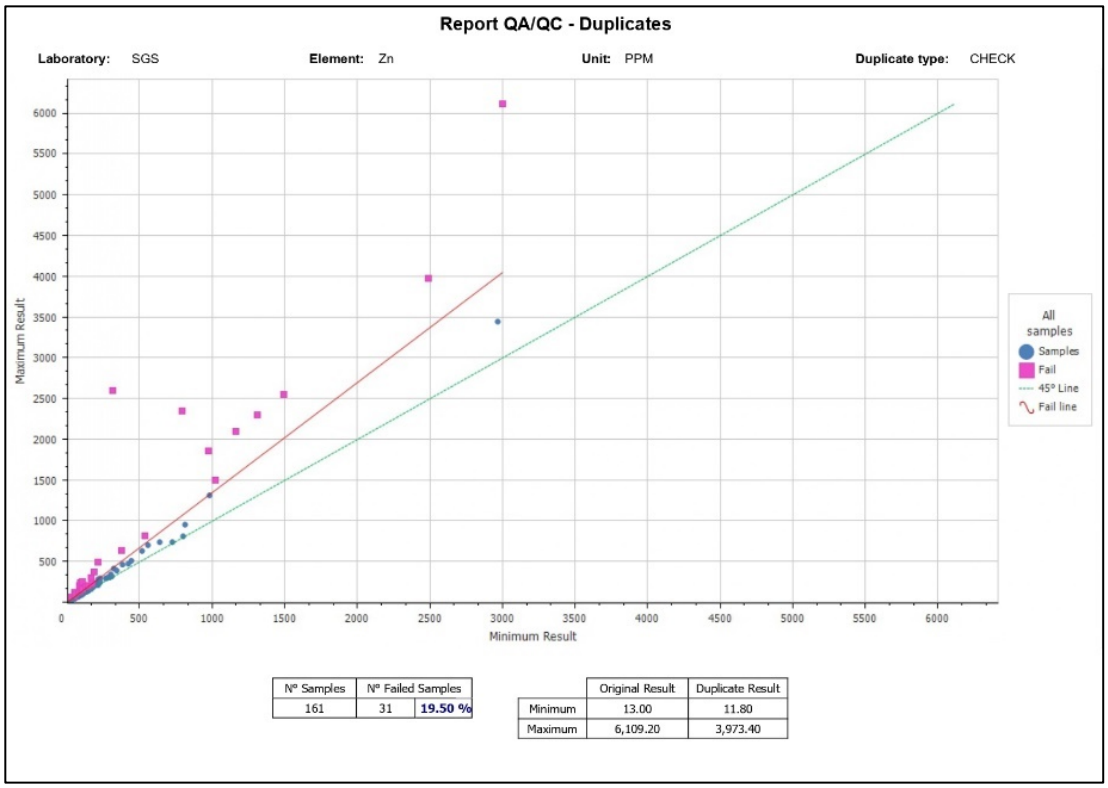


Figure 11-10. Duplicate Sample Analysis for Zn

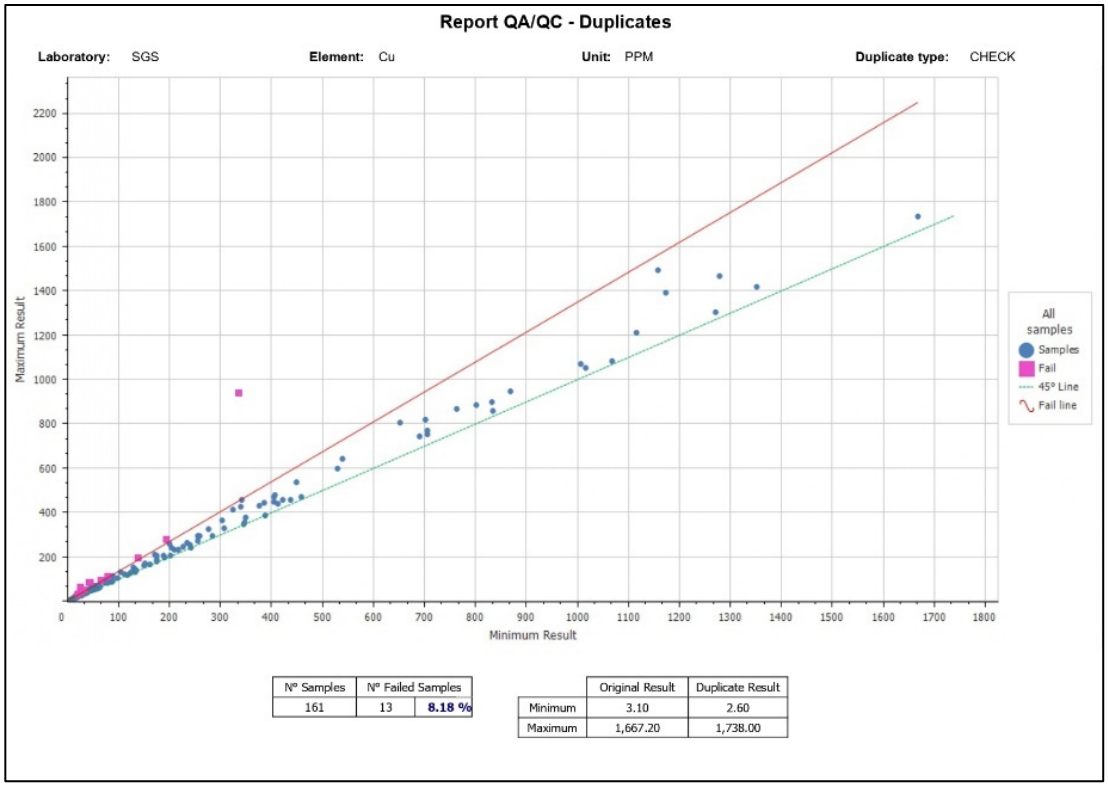


Figure 11-11. Duplicate Sample Analysis for Cu.

In total, 13 analyses (8.18%) were identified as failing the duplicate criteria for copper, 2 analyses (1.27%) for gold, 4 analyses (2.52%) for silver, 31 (19.5%) for zinc and 22 (13.92%) for lead. An acceptable limit for the duplication of analyses is around 10%. Therefore, it is concluded that the sampling precision with respect to Au, Ag and Cu are acceptable. However, as it is only the lead and zinc duplicate analyses that have observed a decrease in precision it is more likely that this is an effect of the core splitting, as it is known that the lead and zinc mineralogy is less homogenous than the silver, gold, and copper.

11.3.5 Density Measurements

As part of the geological logging process, it was noted that the drilling did not cut through many examples of vein material, and once the assay data was returned it was evident that the mineralization is not only in vein material but also in mineralized wallrock, which would have a different density to the vein. A density sampling program was devised once the vein modelling was completed, and the mineralized drill intervals were known.

A total of fifty-nine (59) samples were taken from the different vein sets. Statistical analysis of the results of the density measurements showed two distinct populations, one for the denser vein material, and a second lighter material similar to that of un-altered volcanics, considered to be mineralized host rock. A histogram indicated an average specific gravity of 2.71 g/cm^3 for the mineralized wallrock and 3.1 g/cm^3 for the vein material (Figure 11-12).

The samples were taken by Atticus Consulting's consulting geologists, selecting one sample per mineralized interval of a unified piece of half core between 10 cm and 15 cm in length. The density samples were sent to SGS laboratories in Callao to be measured in paraffin. The samples were returned to the Kuya after the laboratory analysis.

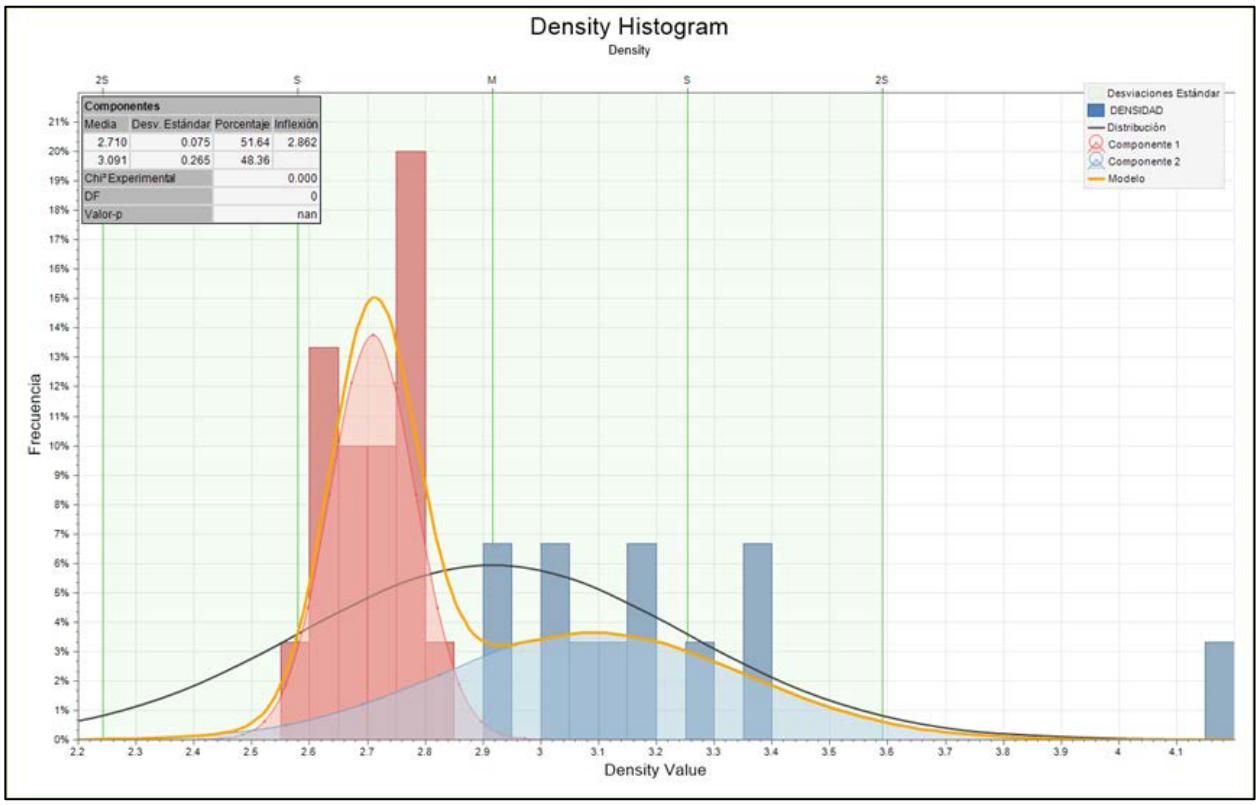


Figure 11-12. Statistical analysis of the 59 density measurements, showing two separate populations with average readings of 2.71 and 3.1 for the two types of mineralized material, vein, and host rock.

12.0 DATA VERIFICATION

The Authors have reviewed the historical data and information regarding past exploration, development work, and historical mining on the Property as provided by Kuya. Kuya was entirely cooperative in supplying the Authors with all the information and data requested and there were no limitations or failures to conduct the verification.

Dr. Scott Jobin-Bevans (P.Geo., APGO #0813), visited the Bethania Silver Project for one day on 15 June 2019. The purpose of the personal inspection (site visit) was to observe mine and general Property conditions, surficial geology, underground geology, and mining procedures, proposed sites for the processing plant and related equipment, and sites for any exploration work including historical surface trenching and excavation (past mining), inclusive of associated quality assurance/quality control. During the site visit, a total of five rock samples were collected from five of the main veins, either from surface exposures or from underground workings, and analyzed.

Mr. Simon Mortimer (FAusIMM, FAIG), visited the Bethania Silver Project from the 24 to 27 May 2021 on behalf of Caracle Creek International Consulting Inc. Simon was accompanied by geologist Luis Huapaya, also from Atticus Consulting S.A.C., Lima, Peru. The purpose of the personal inspection was to observe the processes and protocols in place for the collection of geological data – the geological logging, the capture of data in digital format, the selection, taking, and registering of samples, the associated quality assurance/quality control, and the transport and storage of the samples; to visit the drip pads and observe the procedures in place for the extraction of the core and delivery to the logging shed; and to review the drill core, the surface geology and map some of the principal structures, contacts and outcropping veins.

Mr. Gerardo Acuña Perez (P.Eng., FAusIMM #337049), visited the Bethania Silver Project on 19 February 2022 on behalf of Caracle Creek International Consulting Inc. Gerardo was accompanied by Luis Palacios safety engineer of Minera Toro de Plata S.A.C. (subsidiary of Kuya Silver). The purpose of the personal inspection was to verify vestiges of the old mine, the conditions of the properties and their environments, the accessibility to the site, visual inspection of the components of entrance to the underground, the conditions and other infrastructure that demonstrate in a partial and preliminary basis, a future mining operation.

Past mine production data as reported to the Ministry of Energy and Mines during the period 2013-2016 is evidence that the mine was worked to accepted standards, and although it should be recognised that geological data relating this last period of mine working lacks QA/QC support, mine mapping and sampling is noted to be of a high standard, and the authors are confident that this data can be used for guidance in the planning of future work programs and for the purposes of geological modelling and inclusion in mineral resource estimation.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

Details of limited metallurgical testing carried out during the years 2001-2015 are fully summarized in the previous NI 43-101 Technical Report, and it is not considered necessary to repeat this Information here, other than to summarise the main results as set out in Table 13-1.

Table 13-1. Summary of historical metallurgical test work carried out on Mina Santa Elena samples.

Santa Elena Mine - Summary of Metallurgical Testing Results														
YEAR	Source	Weight	Head Grades							Tester	Pb concentrates		Zn concentrates	
			Ag (oz/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)	As (%)	Sb (%)		Pb (%)	Ag (oz/t)	Zn (%)	Ag (oz/t)
2001	No details		10.78	NA	2.81	1.98	NA	NA	NA	EMD	51.43	176.67	< Bulk Test only	
2011	HROM	NA	31.42	1.50	10.99	4.07	0.54	0.21	NA	EMD	68.11	182.49	83.05	58.45
2012	HROM	NA	4.65	NA	0.72	1.18	0.16	0.09	0.06	EMD	29.06	104.82	35.33	57.27
2013	HROM	NA	6.51	0.49	2.21	0.73	0.13	0.07	0.05	ED&ED	80.09	145.55	60.76	14.01
2014	HROM	4 x 1KG	13.89	NA	1.43	2.02	0.18	NA	NA	UNI	Bulk test only >		67.43	345.94
2015	HROM	4 x 1KG	13.89	NA	1.43	2.02	0.18	NA	NA	UNI	Bulk test only >		66.18	297.07

NB: HROM Homogenized run-of-mine ore.
EMD Etudes Metallurgiques et D´Engineering EIRL, Lima
ED&ED ED&ED Ingeneria Servicios SAC, Lima
UNI Universidad Nacional de Ingeneria, Lima

It should be noted that the sample "source" in each case, either has no detail or states that it was "homogenised run-of-mine ore". The reports also fail to give details as to where the samples were taken and what controls were put on the sampling. There is therefore no guarantee that the samples provided for testing were "representative" in any way. Furthermore the samples tested in 2014 and 2015 only weighed 1 kg each.

It is however important to note that assays for As and Sb are given, whereas assays for these potential contaminants have not been determined elsewhere.

These results are therefore only representative of possible variability, whereas the past recorded toll processing and flotation concentration results for the years 2013-16, as presented in the following Tables 13-2 to 13-4, are fully representative of the metallurgical characteristics and processing of the polymetallic minerals for the historical Mina Santa Elena.

Starting September 2019, BISA Ingenieros were contracted to proceed with the preliminary design of a 350 tpd processing plant at Bethania mine. BISA´s design work was based on head grades and plant recovery data sourced from mine production and toll treatment records accumulated over the period 2013-16, this information being established fact as opposed to metallurgical test-work estimation on limited and un-representative sampling.

It can be concluded from these tables that the silver-rich polymetallic mineralization of the Bethania Mine responds well to standard flotation technology used in Peru. However, no recovery of Cu concentrates was made, probably because the Cu content (infrequently assayed) was too low.

Table 13-2: Summary of Mina Santa Elena toll treatment concentrates during the period 2013-16.

YEARS	2013	2014	2015	2016	2013-2016
Operating company	S&L Andes SAA				Total recorded processing
TOLL TREATMENT	San Valentin, Yauyos & Peru Sol, Huari			Azulcocha*	
Tonnes processed	21,235	24,753	16,620	NA	62,608
Lead concs (tonnes)	1,316.52	1,044.19	949.00	288.30	3,598.01
%Pb	44.08	46.3	55.13	46.07	47.80
Ag (Oz/t)	155.81	244.8	187.96	145.23	189.27
Au (g/t)	3.23	6.03	3.94	3.20	4.23
Zinc concs (tonnes)	347.73	524.96	695.52	81.26	1,649.47
%Zn	34.97	48.77	49.9	45.49	46.18
Ag (Oz/t)	18.35	29.545	26.02	23.28	25.39

Note*: Toll treatment until Azulcocha reportedly ceased toll treatment in 2016.

Table 13-3: Summary of Mina Santa Elena toll treatment recoveries during the period 2013-16.

Reported Ag % Recovery	2013	2014	2015	2016	2013-2016
Lead Concs (tonnes)	1,316.52	1,044.19	949.00	288.30	3,598.01
Ag recovery In Pb concs	87.84	85.55	83.01	83.01	85.51
Zinc Concs (tonnes)	347.73	524.96	695.52	81.26	1,649.47
Ag recovery In Zn concs	2.76	6.68	9.17	9.17	7.03
Total weighted Ag recovery	**90.60**	**92.23**	**92.18**	**92.18**	**92.54**

Reported Pb % Recovery	2013	2014	2015	2016	2013-2016
Lead Concs (tonnes)	1,316.52	1,044.19	949.00	288.30	3,598.01
Pb recovery In Pb concs	92.91	89.2	93.83	93.83	92.15
Zinc Concs (tonnes)	347.73	524.96	695.52	81.26	1,649.47
Pb recovery In Zn concs	1.92	3.27	1.56	1.56	2.18
Total weighted Pb recovery	**94.83**	**92.47**	**95.39**	**92.18**	**94.33**

Reported Zn % Recovery	2013	2014	2015	2016	2013-2016
Lead Concs (tonnes)	1,316.52	1,044.19	949.00	288.30	3,598.01
Zn recovery In Pb concs	42.55	28.58	14.97	14.97	29.01
Zinc Concs (tonnes)	347.73	524.96	695.52	81.26	1,649.47
Zn recovery In Zn concs	39.02	63.79	75.54	75.54	64.10
Total weighted Ag recovery	**81.57**	**92.37**	**90.51**	**92.18**	**93.11**

Table 13-4: Summary of Mina Santa Elena silver production during the period 2013-16.

Total Oz Ag in Concentrates	2013	2014	2015-2016	2013-2016
Lead Concs	207,405.85	253,052.08	187,528.92	647,986.85
Zinc Concs	6,513.13	19,230.60	21,165.26	46,908.99
Total Ag in Pb + Zn Concs	215,931.98	274,296.68	208,694.18	694,895.84

The Ag production totals have been checked as agreeing with the monthly declarations registered with the Peruvian Ministry of Energy and Mines.

13.1 Metallurgical Testwork – 2021

A report dated 11 September 2020, by SICG S.A.C., summarising the control on the taking and preparation of a 150 kg bulk test-work sample which was weighted in relation to the percentage contribution of past production during 2013-2015, 38%, 43% and 19% from Veta 12 de Mayo, Veta Española and Veta Victoria, respectively. Sample collection is shown in Figure 13-1.

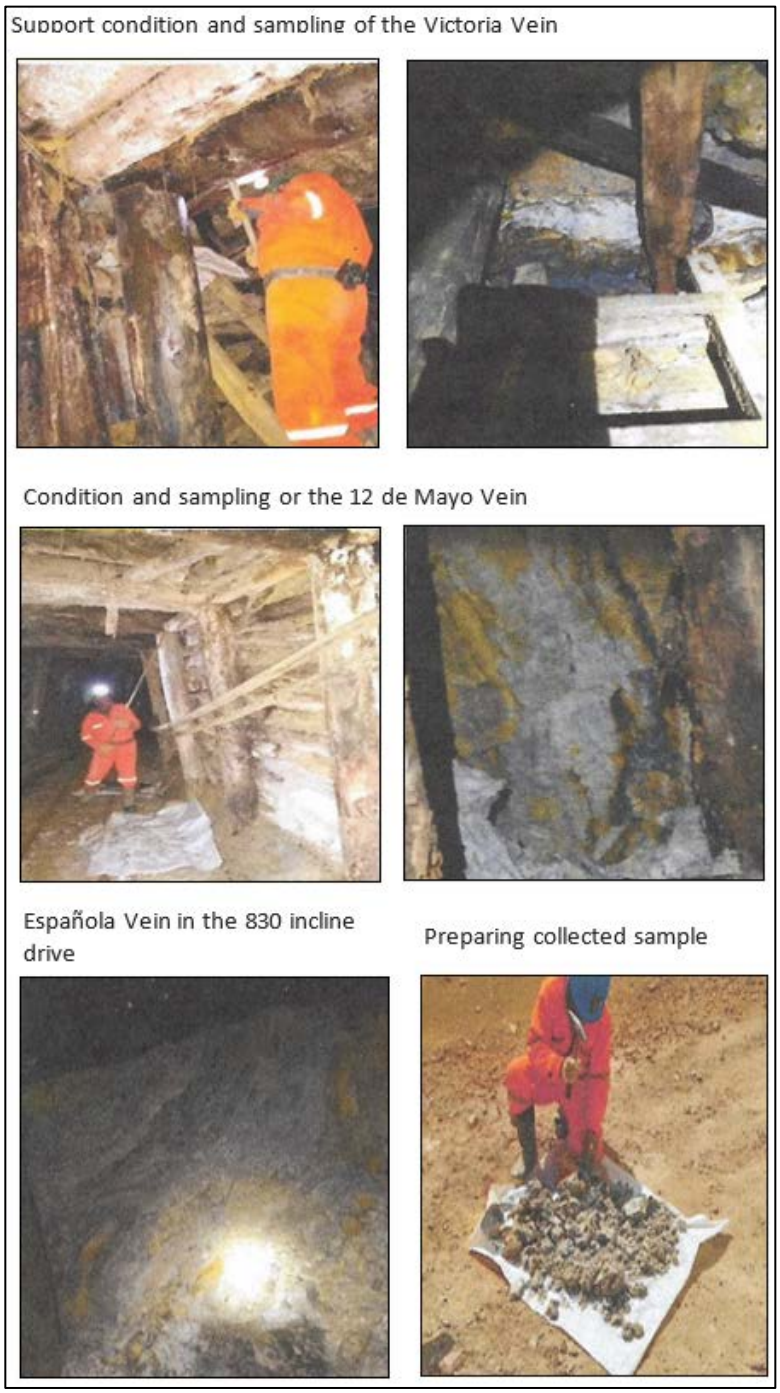


Figure 13-1. Photographs of the taking of metallurgical testwork samples from underground workings of the Bethania Mine, as defined and monitored by SICG SAC (source: SICG S.A.C., 2020).

However, the samples taken from each vein were taken from one point in each vein (*see* Figure 13-1) and cannot be considered to be representative of the metallurgy that needs to be estimated. This sample was sent to the Laboratorio Metalurgico Chapi SAC for further test-work and they noted that the sample was not representative of the average deposit grades, and that there were problems with the Zn recovery, much of which was reporting to the Pb concentrate.

The photographs in Figure 13-1 show the difficulty regarding the taking of any new samples underground in the Bethania Mine. In future, the selection and taking of more representative test-work samples is probably best carried out in the newer development on the 4670 Level, and as development is renewed and advanced on other veins at that level. The development plan and the geological team must always have that in mind. The other sampling route is to systematically store sample rejects after sample preparation and assay, so that after a period of accumulation there is always a supply of samples for possible testing.

14.0 MINERAL RESOURCE ESTIMATES

14.1 Introduction

Caracle Creek was retained by Kuya to prepare a NI 43-101 compliant mineral resource estimate (the "MRE") supported by a technical report, for the Bethania Silver Project, Peru. The MRE incorporates all current diamond drilling for which the drill hole data could be confidently confirmed. The effective date of the Mineral Resource Estimate is 10 December 2021.

The MRE was prepared under the direction of Co-Author and QP Simon Mortimer, with assistance from Luis Huapaya and Daniel Basilio. The Co-Author developed the geological interpretation and the construction of the lithology model and the mineralised domain models, Luis Huapaya completed the work on the statistics, geo-statistics and the grade interpolation, and Daniel Basilio assisted in the compilation of data and reporting.

The deposit type being considered for silver and gold mineralization discovered to date on the Bethania Silver Project is that of a polymetallic (Ag-Pb-Zn-Cu-Au) hydrothermal deposit whose mineralogy, mineralization, textures, and associated alteration phases are consistent with the intermediate sulphidation epithermal (ISE) geological model for volcanic-hosted precious metal deposits (*see* Figure 8-1).

The MRE contained in the Report were developed in accordance with "CIM Definition Standards for Mineral Resources and Reserves" prepared by the CIM Standing Committee on Resource Definitions and adopted by the CIM council on 19 May 2014 (CIM, 2014).

14.2 Resource Database

The information used for the mineral resource estimate is derived from the Kuya 2021 drill campaign, and from underground channel sample data compiled as historical data by Kuya Silver prior to the release of the Technical Report in 2019.

14.2.1 Drilling Database

Kuya Silver carried out a Phase 1 diamond drilling campaign from March 2021 to April 2021 completing 36 diamond drill holes, drilling a total of 4,988 m. All drilling and sampling data has been verified, validated, and imported into a Geobank™ cloud-based data management system, including data and meta-data on the collar, survey, geological logging tables (Lithological, Alteration, Structural, Mineralization), geotechnical (Recovery, Density), and assay sample data. Information from 33 of the 36 drill holes were used in the resource, a total of 4,405.65 m of drill core information including 3,121 samples, using analyses of Au, Ag, Pb, Cu and Zn in the resource calculation. There are no previous drilling campaigns completed on the Project.

14.2.2 Collar Location and Downhole Deviation

All of the 36 drill hole collar locations were positioned using a handheld GPS and then later measured again using a Total station LEICA TS02 Power 5", with an accuracy of 2 millimetres. The downhole deviation of all the drill holes have been measured using Devico's multi-shot gyro survey instrument, DeviGyro™ taking readings approximately every 5 metres.

14.2.3 Historical Data

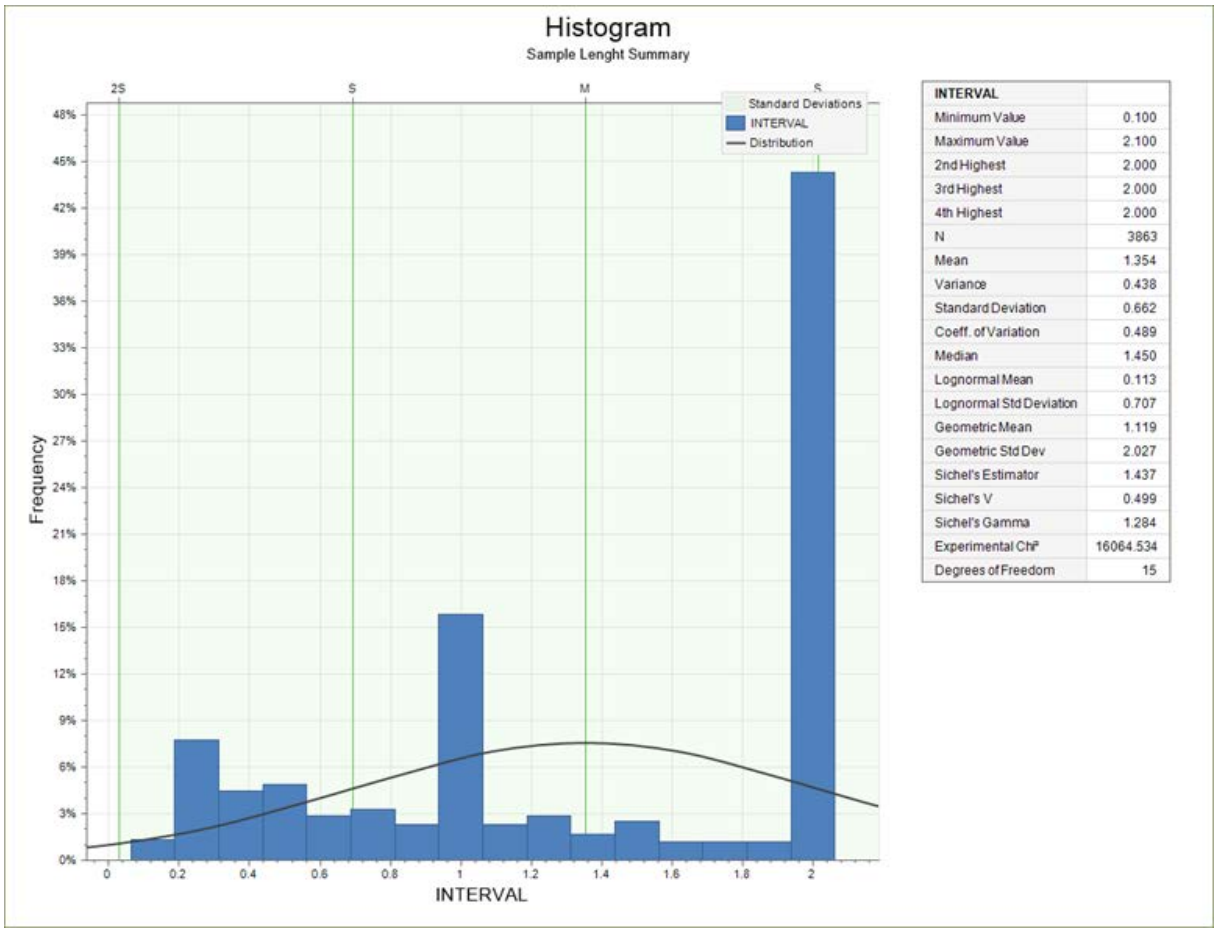
In 2013 and 2014 the Bethania mine was operated by Andes Export SAC, and the during production a total of 608 grade control channel samples were taken from the 4640, 4670, 4690 and 4720 mine levels; 295 from the 12 de Mayo vein, 63 from the Victoria vein, 42 from the 12 de Mayo RHW vein, 135 from the Española vein, 20 from the Española RFW vein, 9 from the 12 de Mayo RFW vein, 2 from the Maria RHW vein, 6 from the Betsaida vein, 2 from the Yolanda vein, 2 from the Carolina II vein, and 3 from the Carolina vein.

The channel samples were analysed at external laboratories and were analysed for silver, lead, zinc, and copper, with some samples also being analysed for gold and others for iron. No QA/QC protocols were carried out within the grade control sampling procedures; however, it is recognised that the external laboratories used do run their own protocols to assure a control on the quality of the sample results.

The locations of the channel samples were captured from AutoCAD plans and located correctly in 3D space through a survey of the mine workings carried out in late 2020 by Cima Nevada using a Total Station. Due to safety reasons only 20% of the interior of the mine could be accessed and surveyed, the location of the rest of the mine workings and the channel samples were correctly positioned relative to the surveyed sections of the mine.

14.2.4 Assay Sample Summary

The sample interval lengths are based on geological contacts and vary between 20 cm and 2 metres. The shorter sample lengths were taken across visible veins or visual limits of mineralization while the longer sample lengths, up to a maximum of 2 m were taken from drill core with longer lengths of homogenous mineralization. In total 145 samples were taken from 3,256 m of mineralized drill core. Figure 14-1 details the number of sample interval lengths that were taken during the 2021 drilling campaign.



INTERVAL	
Minimum Value	0.100
Maximum Value	2.100
2nd Highest	2.000
3rd Highest	2.000
4th Highest	2.000
N	3863
Mean	1.354
Variance	0.438
Standard Deviation	0.662
Coeff. of Variation	0.489
Median	1.450
Lognormal Mean	0.113
Lognormal Std Deviation	0.707
Geometric Mean	1.119
Geometric Std Dev	2.027
Sichel's Estimator	1.437
Sichel's V	0.499
Sichel's Gamma	1.284
Experimental Chi²	16064.534
Degrees of Freedom	15

Figure 14-1. Summary of drill hole core sampled, Phase 1 drilling, Bethania Silver Project.

14.3 Estimation Methodology

The resource model considers only the Mine Zone region of the Santa Elena concession. The Hilltop Zone has been mapped, drilled, and subsequently modelled, however there is insufficient data to be able be complete a suitable estimation on the Hilltop Zone veins. Figure 14-2 shows the resource model limits and the veins that have been modelled.

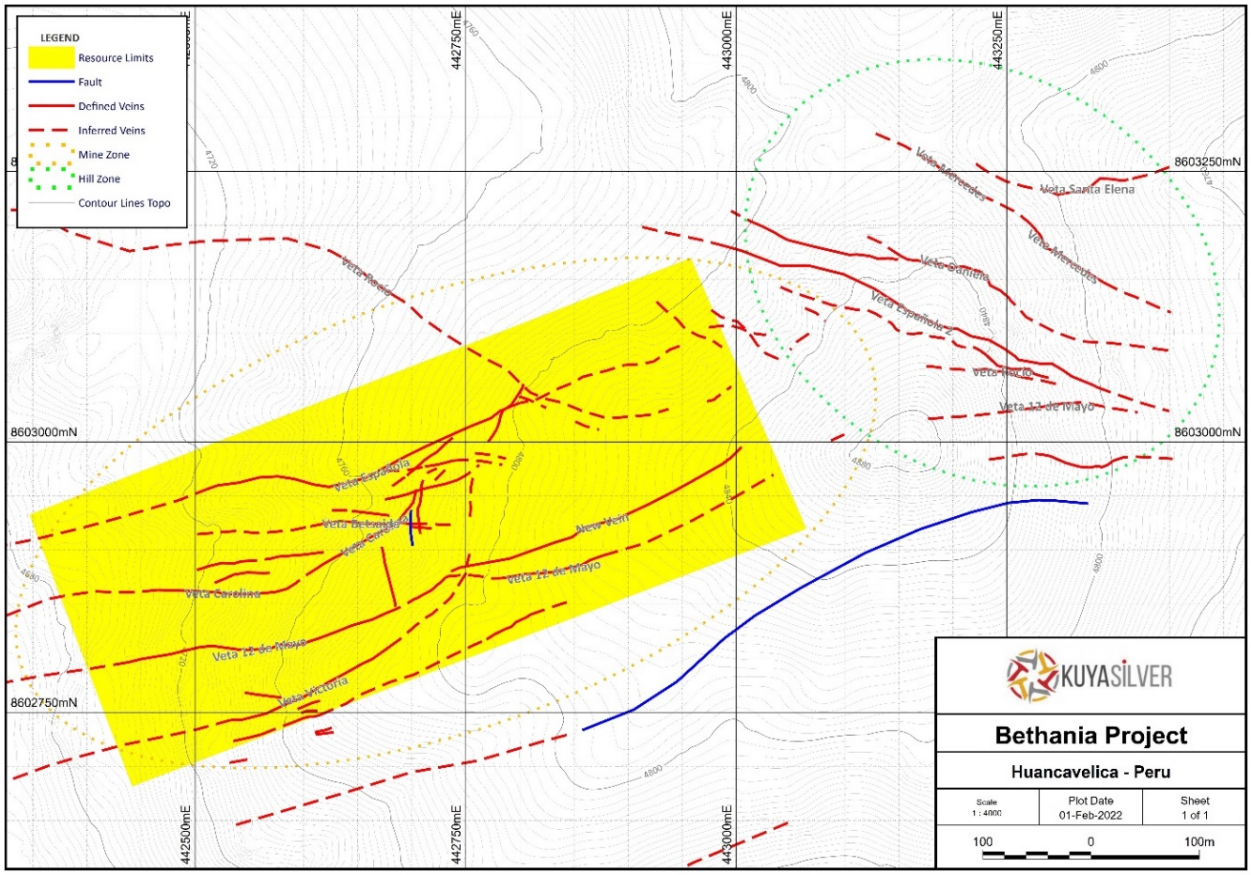


Figure 14-2. Plan map of the Santa Elena concession showing the extent of the current resource model (yellow rectangle).

The estimation of the resource can be broken down into the following stages:

- Validation of the information utilized in the resource and database compilation.
- Interpretation and 3D modeling of the mineralization, based on lithology, alteration, structure, and grade.
- Compositing of grade across the mineralized structures.
- Interpolation of grade within the defined mineralization boundaries.
- Evaluation of confidence in the estimation.
- Model validation.

The validation of the data and database compilation was completed using the Geobank™ data management software. The interpretation and 3D geological modeling was completed using the Leapfrog Geo™ software, statistical studies were performed using Micromine™ tools, the block model, subsequent estimation, and validation was carried out using Micromine™ 2021 software.

14.4 Geological Interpretation and Modelling

The interpretation of the geology used structural, lithological and alteration data from surface geological mapping, from the existing mine level plans and from the drill hole logging. The interpretation was continually adjusted as the three-dimensional geological models were built, as the location, orientation and dip of the individual veins and veins sets would be adjusted to fit all data. Continual revision in both section and plan in 25 m increments has led to the creation a very robust 3D interpretation of the mineralised structures (Figure 14-2).

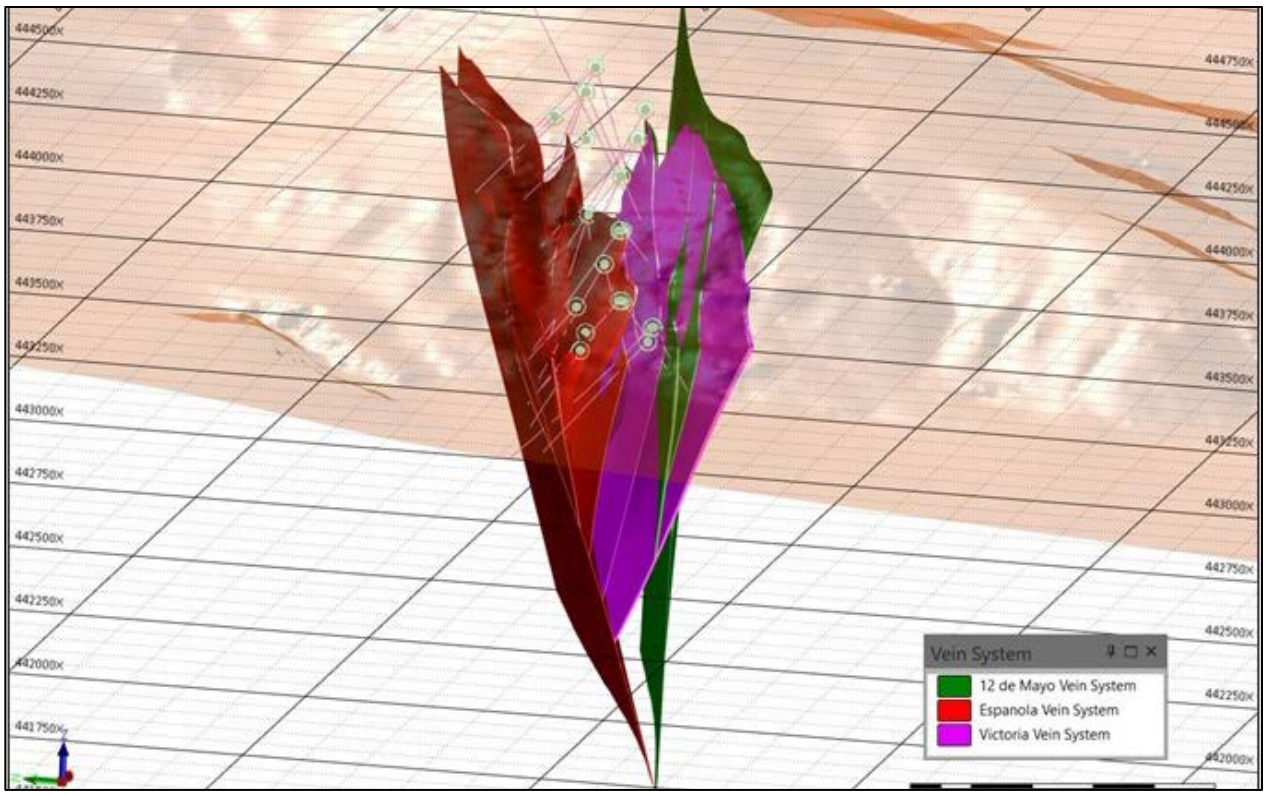


Figure 14-2. Isometric view of the Bethania vein model, showing the 3 principal vein systems.

The geological modelling involved the creation of a lithology model, a structural model, an alteration model, and a mineralisation model. The lithology model was based primarily on the geological logging of the diamond drill holes with additional information extracted from surface mapping, however the intense argillic alteration seen at the surface within the Mine Zone obfuscated the original rock mineralogy making it difficult to determine the rock type. Where conflicting lithology types were noted between the geological mapping and the drill core, the data in the drill core was used in preference.

The area comprises volcanic sequences with a monzonitic intrusion at the centre of the Mine Zone. The monzonite appears to be heterogenous, with some regions exhibiting low grade non-economic copper mineralisation and a variable amounts of associated quartz veining. It is probable that there are various phases of intrusions, however further work is required to determine this. The region that was previously

interpreted as stockwork within volcanics, is now recognised as porphyritic monzonite with associated quartz veining.

The geological logging included the defined recording of faults measuring of their orientations, which were mapped as surfaces with known dip and dip-direction. Only notable faults surfaces were modelled when they could be traced through several drill intercepts. The three principal veins, Española, 12 de Mayo and Victoria, all have associated faults running along their base; however, it is only across the Victoria vein/fault that any displacement could be measured. The vertical fault running approximately east-west through the middle of the concession in the previous interpretations could not be recognised in the drill cores and has now been taken out of the model.

The alteration data recorded in the geological logging outlined regions of potassic alteration, an overprinting argillic alteration, more dominant and intense towards the surface sometimes destroying the original rock texture, and more distal to the monzonite intrusion a propylitic zone. The alteration zones although important for the rock quality designation it was found not to be in the was not to have any bearing on the mineralisation. Figure 14-3 is a cross section of the alteration assemblages across the centre of the mine zone.

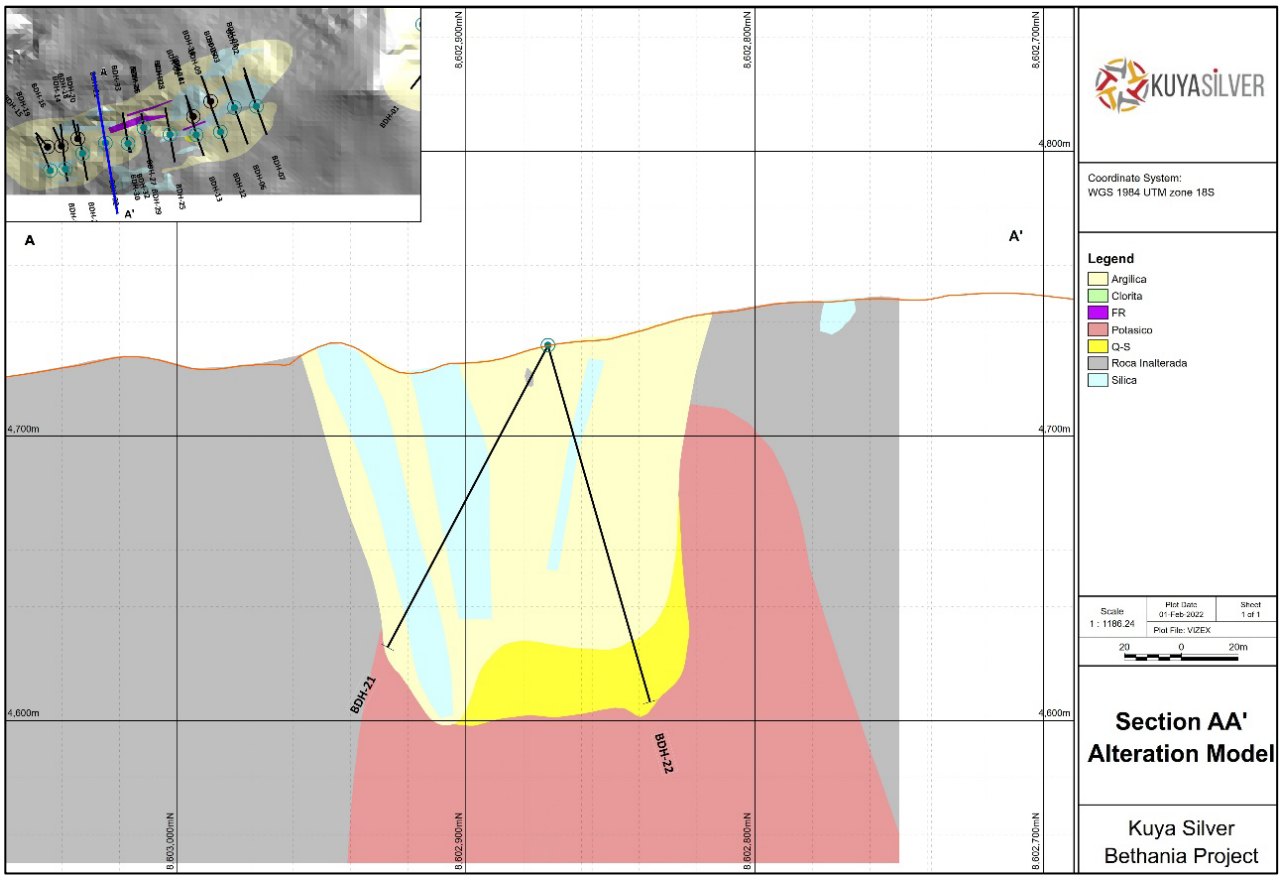


Figure 14-3. Example cross-section through the Bethania showing the alteration model.

The mineralisation recorded in the geological logging of the diamond drill core focused on the mineral content of the vein material, but also mapping the mineral content of the porphyry intrusion(s) and pyrite content seen within the volcanics. The vein contains the massive sulphides of between 20% to 80% comprising galena, sphalerite, pyrite, and silver sulpha-salts with barite and carbonate as the principal gangue minerals.

A review of the assay results against the logged mineralisation found that not only the vein material carries high grade mineralisation, but drill core on either side of the vein and that certain faults and fractures also carries silver-lead-zinc mineralization albeit not high grade. A review of the distribution of gold, silver, lead, copper and zinc assays alongside the logged lithology and mineralogy indicates that the veins open and close along strike but that the mineralisation continues as a narrow zone along the structures.

The mineralised material consists of vein, mineralised footwall and hangingwall and the associated mineralised structures. The definition of the mineralised intervals and the subsequent estimation domain model is based entirely on assay data.

The modelling of the mineralisation used the vein modeling tools within the Leapfrog Geo™ software, defining the footwall and hangingwall directly from the drill hole intervals considered as mineralised and interpolating between the drill contact points using a surface for footwall and a separate surface for the hangingwall, constrained by the drill and channel sample data. This methodology gives a more representative model of the vein thickness and enables the modeller to test multiple interpretations. No cut-off was used to define the limits extent of mineralisation in the drill core as the break between high grade and no grade is well marked.

14.5 Data Analysis and Estimation Domains

14.5.1 Exploratory Data Analysis (EDA)

The geological modelling of the estimation domains considered mineralisation from vein, mineralised structures, and mineralised footwall and hangingwall. The statistical analysis was completed on the sample data points that are contained within the mineralised domain wireframes, considering both channel sample data and drill holes samples. Table 14-1 shows the summary statistics for the mineralised structures modelled in the Bethania mine zone.

Table 14-1. Summary of the basic statistics for all data points within the mineralised structures at Bethania.

Metal	Min	Max	N° Samples	Mean	Var	Stnd Dev.	Coef.Var	25 Prcntl	50 Prcntl	75 Prcntl
Au_GPT	0.016	6.33	145	0.50	0.57	0.75	1.51	0.12	0.24	0.55
Ag_OZT	0.006	180.40	724	17.05	381.47	19.53	1.15	3.15	10.93	23.81
Pb_PCT	0.002	39.50	724	4.62	32.60	5.71	1.23	0.69	2.85	6.24
Zn_PCT	0.007	19.90	724	2.84	10.24	3.20	1.13	0.56	1.70	3.90
Cu_PCT	0.000	6.68	724	0.25	0.21	0.46	1.86	0.01	0.10	0.33

The number of sample data point for gold is notably less than the other metals as no gold analysis was taken in the historic channel samples and the 145 samples are the data points from the recent drilling campaign.

The basic statistical evaluation shows the highly variable nature of the polymetallic grades within the mineralised structures, which is expected within this type of system where the vein is known to open and close along strike, creating shoots of high-grade material alongside lower grade material. To further analyse the distribution of mineral throughout the mine zone, the statistical analysis was broken down into the individual mineralised structures and separated the channel and drillhole data samples. Tables 14-2, 14-3, and 14-4 show the summary statistics for the individual mineralised structures of the Victoria vein set, the 12 de Mayo vein set, and the Española vein set, respectively.

Table 14-2. Summary statistics for the Victoria veins sets, grouped by individual mineralised structures (Domain).

Metal	Domain	Min	Max	N° Samples	Mean	Var	Stnd Dev.	Coef.Var	25 Prcntl	50 Prcntl	75 Prcntl
Au_GPT	Victoria	0.12	6.33	15	1.03	2.35	1.53	1.48	0.25	0.44	1.16
Ag_OZT	Victoria	0.33	72.72	78	20.94	312.50	17.68	0.84	6.19	15.97	33.00
Cu_PCT	Victoria	0.00	2.14	78	0.39	0.21	0.46	1.16	0.04	0.25	0.65
Zn_PCT	Victoria	0.05	16.80	78	4.31	14.31	3.78	0.88	1.65	3.03	5.86
Pb_PCT	Victoria	0.06	28.10	78	5.58	32.37	5.69	1.02	0.65	4.07	8.38
Au_GPT	Yolanda_P	0.10	1.54	12	0.55	0.30	0.54	0.99	0.14	0.39	0.66
Ag_OZT	Yolanda_P	0.04	21.17	14	4.61	56.06	7.49	1.62	0.27	0.94	4.70
Cu_PCT	Yolanda_P	0.01	0.21	14	0.07	0.00	0.06	0.94	0.02	0.05	0.08
Zn_PCT	Yolanda_P	0.01	4.70	14	0.85	1.52	1.23	1.44	0.14	0.43	1.24
Pb_PCT	Yolanda_P	0.00	16.60	14	3.10	30.55	5.53	1.78	0.08	0.26	3.47

The difference in the number of samples in domains such as 12 de Mayo, 12 de Mayo RFW, 12 de Mayo RHW, Betsaida, Carolina, Carolina P, Espanola RFW, Espanola, Maria RHW1, Victoria and Yolanda are because the channel samples were not analyzed for gold. For these domains, the resource estimation only considers data obtained from the drilling campaign.

Table 14-3. Summary statistics for the 12 de Mayo vein sets, grouped by individual mineralised structure (Domain).

Metal	Domain	Min	Max	N° Samples	Mean	Var	Stnd Dev.	Coef.Var	25 Prcntl	50 Prcntl	75 Prcntl
Au_GPT	12Mayo_P	0.08	0.86	7	0.28	0.07	0.26	0.94	0.15	0.20	0.26
Ag_OZT	12Mayo_P	0.47	128.78	56	28.22	635.42	25.21	0.89	10.93	21.70	35.49
Cu_PCT	12Mayo_P	0.00	1.37	56	0.26	0.08	0.28	1.06	0.05	0.20	0.34
Zn_PCT	12Mayo_P	0.14	15.50	56	4.05	11.32	3.36	0.83	1.70	3.35	5.62
Pb_PCT	12Mayo_P	0.05	39.50	56	11.21	106.64	10.33	0.92	3.15	8.27	15.05
Au_GPT	12Mayo_P_	0.17	0.46	5	0.27	0.02	0.12	0.45	0.20	0.20	0.35
Ag_OZT	12Mayo_P_	0.16	124.50	251	14.26	180.31	13.43	0.94	5.48	10.70	19.89
Cu_PCT	12Mayo_P_	0.00	6.08	251	0.19	0.23	0.48	2.56	0.00	0.07	0.18
Zn_PCT	12Mayo_P_	0.07	11.90	251	2.21	3.72	1.93	0.87	0.76	1.59	3.16
Pb_PCT	12Mayo_P_	0.09	28.30	251	4.18	17.84	4.22	1.01	1.28	2.96	5.68
Au_GPT	12Mayo_RFW	0.13	2.50	7	0.66	0.77	0.88	1.32	0.16	0.23	0.74
Ag_OZT	12Mayo_RFW	0.03	93.17	16	23.24	737.73	27.16	1.17	2.17	12.38	30.36
Cu_PCT	12Mayo_RFW	0.00	1.25	16	0.35	0.15	0.39	1.10	0.06	0.19	0.51
Zn_PCT	12Mayo_RFW	0.02	14.30	16	3.10	14.41	3.8	1.22	0.15	1.76	4.18
Pb_PCT	12Mayo_RFW	0.00	23.50	16	5.86	46.68	6.83	1.17	0.47	3.38	8.32
Au_GPT	12Mayo_RFW1	0.07	0.07	2	0.07	0.00	0	0.01	0.07	0.07	0.07
Ag_OZT	12Mayo_RFW1	0.60	1.49	2	1.04	0.40	0.63	0.61	0.82	1.04	1.27
Cu_PCT	12Mayo_RFW1	0.01	0.02	2	0.01	0.00	0.01	0.67	0.01	0.01	0.02
Zn_PCT	12Mayo_RFW1	0.06	0.08	2	0.07	0.00	0.01	0.18	0.06	0.07	0.07
Pb_PCT	12Mayo_RFW1	0.05	0.49	2	0.27	0.10	0.31	1.15	0.16	0.27	0.38
Au_GPT	12Mayo_RHW	0.06	0.27	7	0.16	0.01	0.08	0.51	0.10	0.17	0.23
Ag_OZT	12Mayo_RHW	0.08	98.87	49	22.35	349.76	18.7	0.84	10.61	17.68	30.87
Cu_PCT	12Mayo_RHW	0.01	0.88	49	0.32	0.05	0.22	0.69	0.15	0.28	0.45
Zn_PCT	12Mayo_RHW	0.07	5.95	49	1.67	1.98	1.41	0.84	0.58	1.35	2.15
Pb_PCT	12Mayo_RHW	0.02	25.30	49	7.17	30.77	5.55	0.77	2.90	6.20	10.50
Au_GPT	NV_P	0.24	0.98	4	0.50	0.11	0.33	0.66	0.29	0.40	0.61
Ag_OZT	NV_P	0.22	10.64	4	3.22	24.89	4.99	1.55	0.33	1.01	3.91
Cu_PCT	NV_P	0.07	0.77	4	0.25	0.12	0.34	1.35	0.08	0.09	0.26
Zn_PCT	NV_P	0.07	3.63	4	1.08	2.91	1.71	1.58	0.23	0.31	1.17
Pb_PCT	NV_P	0.03	1.88	4	0.72	0.71	0.84	1.16	0.14	0.50	1.08

Table 14-4. Summary statistics for the Española vein sets, grouped by individual mineralised structure (Domain).

Metal	Domain	Min	Max	N° Samples	Mean	Var	Stnd Dev.	Coef.Var	25 Prcntl	50 Prcntl	75 Prcntl
Au_GPT	Betsaida_P	0.08	1.22	15	0.39	0.11	0.34	0.86	0.12	0.27	0.59
Ag_OZT	Betsaida_P	0.05	14.39	21	2.56	17.32	4.16	1.63	0.27	0.88	2.97
Cu_PCT	Betsaida_P	0.00	0.58	21	0.14	0.03	0.18	1.31	0.02	0.07	0.17
Zn_PCT	Betsaida_P	0.03	18.95	21	1.68	16.75	4.09	2.43	0.14	0.41	1.73
Pb_PCT	Betsaida_P	0.01	3.00	21	0.72	0.79	0.89	1.23	0.07	0.20	1.48
Au_GPT	Carolina II	0.07	3.45	9	0.83	1.22	1.1	1.33	0.13	0.33	1.30
Ag_OZT	Carolina II	0.15	49.30	11	7.74	212.65	14.58	1.88	0.97	1.79	7.14
Cu_PCT	Carolina II	0.02	0.63	11	0.13	0.03	0.18	1.40	0.03	0.03	0.15
Zn_PCT	Carolina II	0.01	14.30	11	1.96	17.52	4.19	2.13	0.24	0.53	1.12
Pb_PCT	Carolina II	0.01	5.17	11	1.07	2.32	1.52	1.43	0.11	0.69	1.23
Au_GPT	Carolina_P	0.02	0.72	10	0.23	0.05	0.22	0.97	0.08	0.16	0.31
Ag_OZT	Carolina_P	0.03	51.28	13	8.80	232.46	15.25	1.73	0.29	0.78	6.74
Cu_PCT	Carolina_P	0.01	0.75	13	0.14	0.04	0.21	1.49	0.04	0.05	0.16
Zn_PCT	Carolina_P	0.01	1.55	13	0.40	0.20	0.45	1.11	0.04	0.23	0.55
Pb_PCT	Carolina_P	0.00	24.20	13	4.38	57.81	7.6	1.74	0.02	0.35	5.75
Au_GPT	Carolina_RFW	0.05	0.15	4	0.09	0.00	0.04	0.46	0.07	0.09	0.11
Ag_OZT	Carolina_RFW	0.01	0.35	4	0.19	0.02	0.15	0.78	0.11	0.21	0.30
Cu_PCT	Carolina_RFW	0.00	0.00	4	0.00	0.00	0	0.22	0.00	0.00	0.00
Zn_PCT	Carolina_RFW	0.02	0.61	4	0.27	0.06	0.25	0.92	0.13	0.23	0.38
Pb_PCT	Carolina_RFW	0.00	0.13	4	0.09	0.00	0.06	0.66	0.08	0.12	0.13
Au_GPT	Espanola_P	0.02	3.20	30	0.62	0.55	0.74	1.20	0.15	0.28	0.84
Ag_OZT	Espanola_P	0.02	104.80	165	17.16	432.01	20.78	1.21	1.45	9.43	24.54
Cu_PCT	Espanola_P	0.00	6.68	165	0.26	0.35	0.59	2.28	0.01	0.06	0.32
Zn_PCT	Espanola_P	0.04	19.90	165	3.41	14.72	3.84	1.13	0.43	2.14	4.74
Pb_PCT	Espanola_P	0.01	22.10	165	2.94	15.29	3.91	1.33	0.25	1.40	4.39
Au_GPT	Espanola_RFW	0.04	0.32	6	0.13	0.01	0.11	0.81	0.06	0.10	0.17
Ag_OZT	Espanola_RFW	0.02	180.40	26	31.29	1404.79	37.48	1.20	6.82	25.27	37.55
Cu_PCT	Espanola_RFW	0.00	1.62	26	0.46	0.19	0.43	0.94	0.10	0.34	0.60
Zn_PCT	Espanola_RFW	0.04	15.30	26	4.90	22.11	4.7	0.96	0.72	3.48	7.65
Pb_PCT	Espanola_RFW	0.00	14.30	26	4.60	16.31	4.04	0.88	1.40	3.71	7.29
Au_GPT	Maria_P	0.02	1.54	7	0.29	0.31	0.55	1.90	0.05	0.07	0.15
Ag_OZT	Maria_P	0.08	12.80	7	3.86	30.28	5.5	1.43	0.50	0.98	6.07
Cu_PCT	Maria_P	0.00	0.13	7	0.04	0.00	0.05	1.24	0.01	0.01	0.08
Zn_PCT	Maria_P	0.12	7.56	7	1.92	7.41	2.72	1.42	0.28	0.38	2.41
Pb_PCT	Maria_P	0.09	10.87	7	3.03	20.34	4.51	1.49	0.27	0.75	4.46
Au_GPT	Maria_RHW	0.19	0.27	2	0.23	0.00	0.06	0.24	0.21	0.23	0.25
Ag_OZT	Maria_RHW	2.20	52.01	2	27.10	1240.55	35.22	1.30	14.65	27.10	39.56
Cu_PCT	Maria_RHW	0.03	0.44	2	0.24	0.08	0.29	1.22	0.13	0.24	0.34
Zn_PCT	Maria_RHW	0.56	7.54	2	4.05	24.36	4.94	1.22	2.30	4.05	5.79
Pb_PCT	Maria_RHW	1.55	21.00	2	11.27	189.19	13.75	1.22	6.41	11.27	16.14
Au_GPT	Maria_RHW1	0.03	0.03	1	0.03				0.03	0.03	0.03
Ag_OZT	Maria_RHW1	1.24	8.97	3	5.67	15.88	3.98	0.70	4.02	6.79	7.88
Cu_PCT	Maria_RHW1	0.04	0.82	3	0.37	0.16	0.4	1.09	0.14	0.25	0.54
Zn_PCT	Maria_RHW1	0.14	6.63	3	2.93	11.15	3.34	1.14	1.08	2.03	4.33
Pb_PCT	Maria_RHW1	0.02	1.95	3	0.80	1.04	1.02	1.28	0.22	0.42	1.19

Table 14-5 shows the summary statistics for the principal veins grouped by sample type, analyzing the difference between the channel samples and the drill hole samples. The variance increases considerably when considering the channel samples, indicating that many of the data points within each domain is required to accurately predict the grade distribution.

Table 14-5. Summary statistics of assay data, grouped by structure and by sample type. Only the three principal structures have been considered.

Domain	Metal	Type Sample	Min	Max	N° Samples	Mean	Var	Stnd Dev.	Coef. Var	25 Prcntl	50 Prcntl	75 Prcntl
12 de Mayo	Au_GPT	CHANNEL			0							
	Ag_OZT		0.16	124.50	295	16.87	253.05	15.91	0.94	6.33	12.09	22.67
	Pb_PCT		0.09	39.50	295	5.56	41.10	6.41	1.15	1.57	3.39	6.99
	Zn_PCT		0.07	15.50	295	2.57	5.54	2.35	0.92	0.89	1.79	3.47
	Cu_PCT		0.00	6.08	295	0.20	0.21	0.46	2.24	0.00	0.09	0.23
	Au_GPT	DDH	0.08	0.86	12	0.28	0.04	0.21	0.75	0.17	0.20	0.29
	Ag_OZT		0.45	128.78	12	15.22	1320.38	36.34	2.39	1.16	2.28	8.27
	Pb_PCT		0.05	21.00	12	3.10	39.85	6.31	2.04	0.20	0.57	1.18
	Zn_PCT		0.12	8.52	12	1.83	6.78	2.60	1.43	0.28	0.70	1.96
	Cu_PCT		0.01	0.92	12	0.13	0.07	0.26	1.94	0.02	0.03	0.09
Espanola	Au_GPT	CHANNEL			0							
	Ag_OZT		0.02	104.80	135	18.80	471.46	21.71	1.15	1.92	10.44	27.58
	Pb_PCT		0.02	22.10	135	2.91	12.49	3.53	1.21	0.30	1.62	4.44
	Zn_PCT		0.04	19.90	135	3.78	16.12	4.02	1.06	0.54	2.32	5.50
	Cu_PCT		0.00	6.68	135	0.28	0.42	0.65	2.33	0.01	0.06	0.35
	Au_GPT	DDH	0.02	3.20	30	0.62	0.55	0.74	1.20	0.15	0.28	0.84
	Ag_OZT		0.05	58.62	30	9.79	195.84	13.99	1.43	0.77	3.84	11.80
	Pb_PCT		0.01	21.00	30	3.08	28.69	5.36	1.74	0.18	1.04	3.38
	Zn_PCT		0.04	9.79	30	1.73	5.22	2.29	1.32	0.22	0.63	2.86
	Cu_PCT		0.00	0.82	30	0.18	0.04	0.21	1.19	0.03	0.10	0.26
Victoria	Au_GPT	CHANNEL			0							
	Ag_OZT		0.33	72.72	63	23.80	318.86	17.86	0.75	8.86	21.65	37.45
	Pb_PCT		0.06	28.10	63	6.41	34.87	5.91	0.92	1.82	4.84	10.05
	Zn_PCT		0.05	16.80	63	4.85	15.31	3.91	0.81	2.00	3.70	7.43
	Cu_PCT		0.00	2.14	63	0.40	0.20	0.45	1.14	0.04	0.25	0.65
	Au_GPT	DDH	0.12	6.33	15	1.03	2.35	1.53	1.48	0.25	0.44	1.16
	Ag_OZT		0.38	38.98	15	8.92	115.17	10.73	1.20	1.39	4.61	11.25
	Pb_PCT		0.11	9.51	15	2.13	7.77	2.79	1.31	0.41	0.81	2.62
	Zn_PCT		0.20	7.70	15	2.06	4.18	2.04	0.99	0.99	1.18	2.06
	Cu_PCT		0.02	1.77	15	0.38	0.25	0.50	1.31	0.03	0.07	0.54

It is only with the use of the channel samples that variation in grade can be adequately modelled. In the domains that contained little or no channel samples the variance is lower, and the resulting estimation being based almost entirely from drill hole data would be smoothed and might capture the true variability within domain.

14.5.2 Estimation Domains

The exploratory data analysis showed that the mineralisation contained within the modelled mineralised structures has a very sharp contact between high grade material and the zero-grade material in the footwall and hangingwall. The individual mineralised structures have distinct orientations and exhibit differences in mineral content and average grade, therefore the wireframe solids for each mineralised structure have been considered as separate estimation domains. In total 16 estimation domains, each representing a different mineralised structure, have been modelled and subsequently estimated.

14.5.3 Contact Analysis, Compositing and Capping

Visual analysis of the grade distribution indicated a well-defined boundary between mineralised and non-mineralised material. The geological modelling of the estimation domains was based on the assay data grade contact, the following figures (14-4, 14-5, and 14-6) shows the statistical analysis of silver lead and zinc the across the contact.

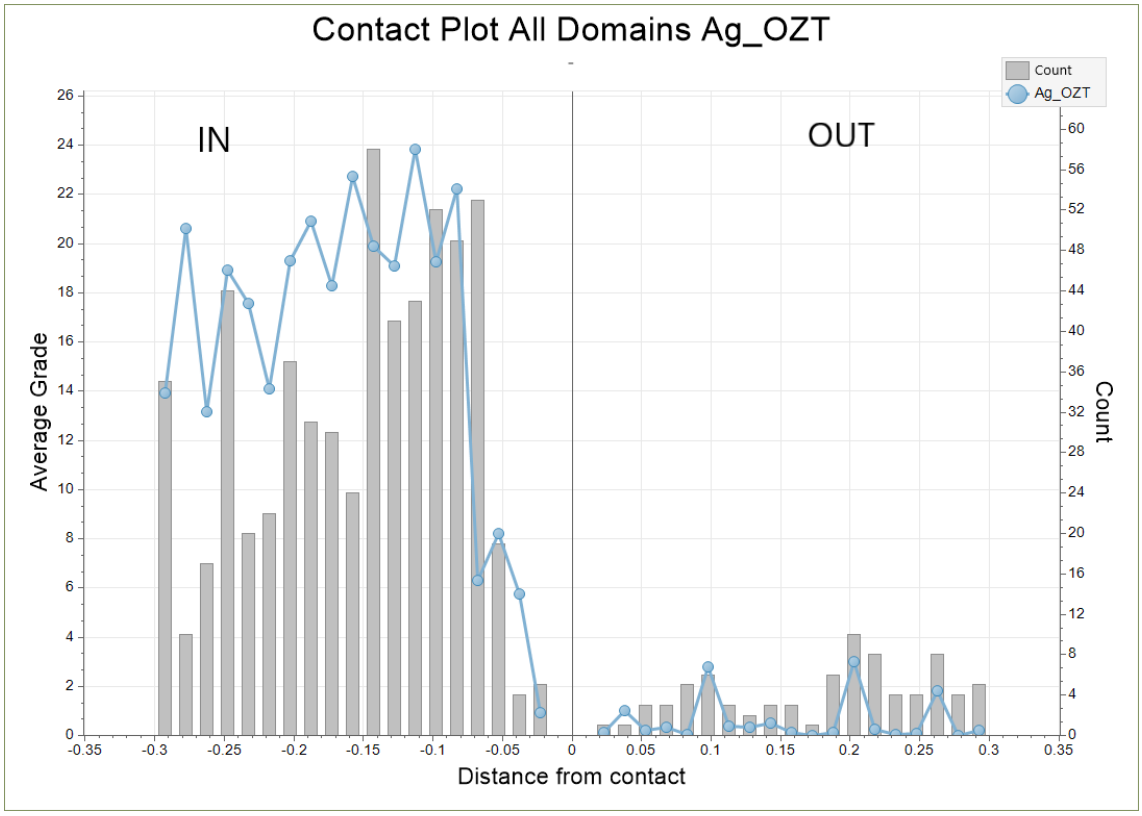


Figure 14-4. Contact analysis plot using data from all modelled veins, showing silver assay statistics (oz/t) for samples inside and outside of the mineralised domains.

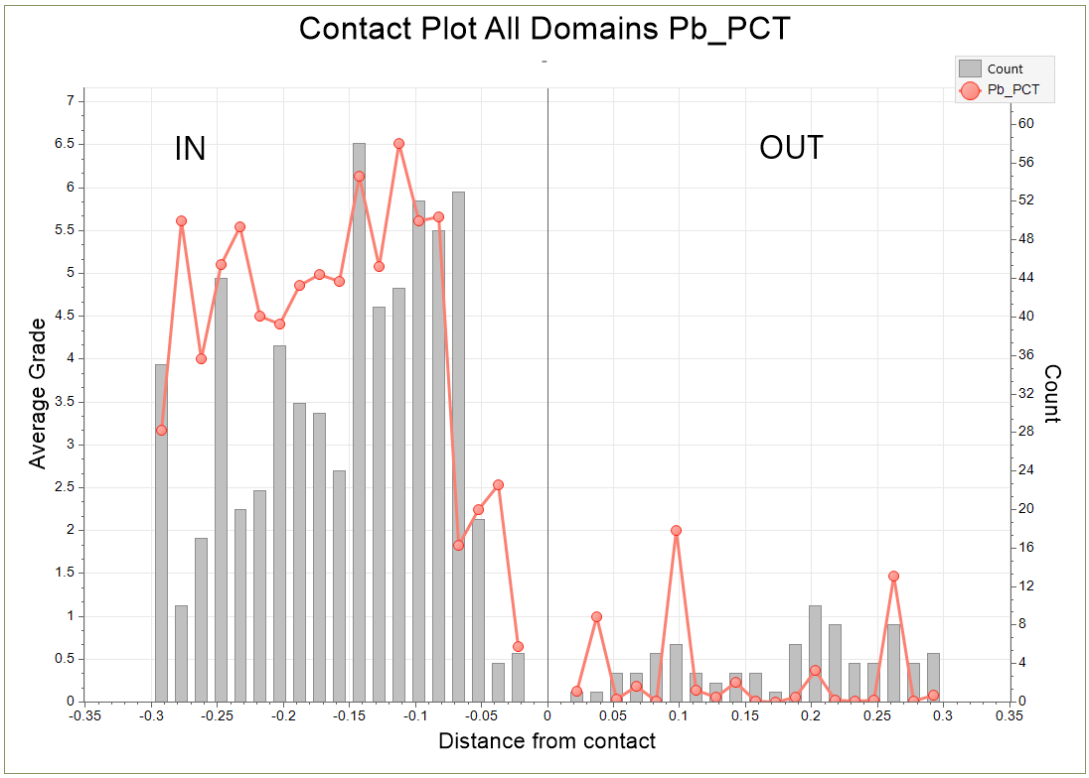


Figure 14-5. Contact analysis plot using data from all modelled veins, showing lead assay statistics (%) for samples inside and outside of the mineralised domains.

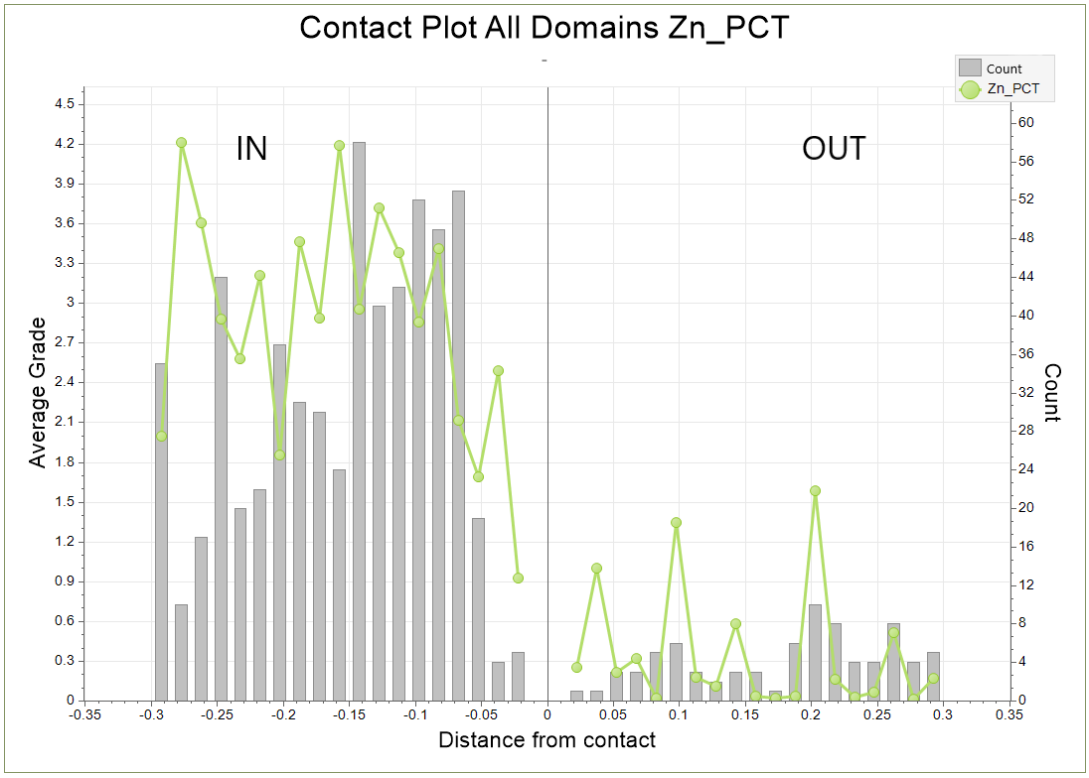


Figure 14-6. Contact analysis plot using data from all modelled veins, showing zinc assay statistics (%) for samples inside and outside of the mineralised domains.

The core drilling data was composited based on the coding of the mineralized domains defined from the geological modelling, which included material from veins and mineralised structures. As the width of the mineral domains are narrow, typically less than one metre true width, the composite interval lengths were based on the widths of the mineralized domain, generating one composite value for each domain intersection. The definition of the mineralisation domain included, vein material, mineralised structure, and mineralised footwall and hangingwall, the single composite value of the narrow structure is a good representation of the material that would be extracted in a mining operation and would produce a more realistic model in the estimation.

The grade distribution analysis indicated that the modelled domains consider areas of very high and very low grade as the vein opens and closes along strike. The high grades recorded in both the drilling and the channel assay datasets were not considered to be anomalous as they were within the range of the higher-grade material extracted during past mining operation. It was not necessary to cap assay results and no over inflation of high grade occurred in the estimation.

14.6 Specific Gravity

During the geological and geotechnical logging it was not possible to take density samples over the recognized vein material as the sections were typically not of a suitable rock quality to be used for density measurements. After the completion of the drilling campaign and the reporting of the assay data, the mineralised domains were identified and where possible half core samples were taken and sent for specific gravity analysis. As many samples as possible were taken within the mineralised zones, in total 59. The samples were taken from logged vein intervals, zones of mineralized structures and parts of the footwall and hangingwall that contained grade.

A statistical analysis of the results showed two distinct populations, one reflecting material from the mineralised footwall and hanging wall with samples averaging 2.71 g/cm^3, and the other reflecting vein material averaging 3.1. Statistical analysis is provided in Figure 14-7. Considering the mineralised domains contain both vein material and the mineralised structures (footwall and hangingwall) the average density of the mineralized domains of 2.91 g/cm^3 density was used in the resource calculation.

No previous analysis of specific gravity analysis has been made available to the author; however, it is reported that the previous mining operations used a specific gravity value of 3 g/cm^3 in their tonnage calculations.

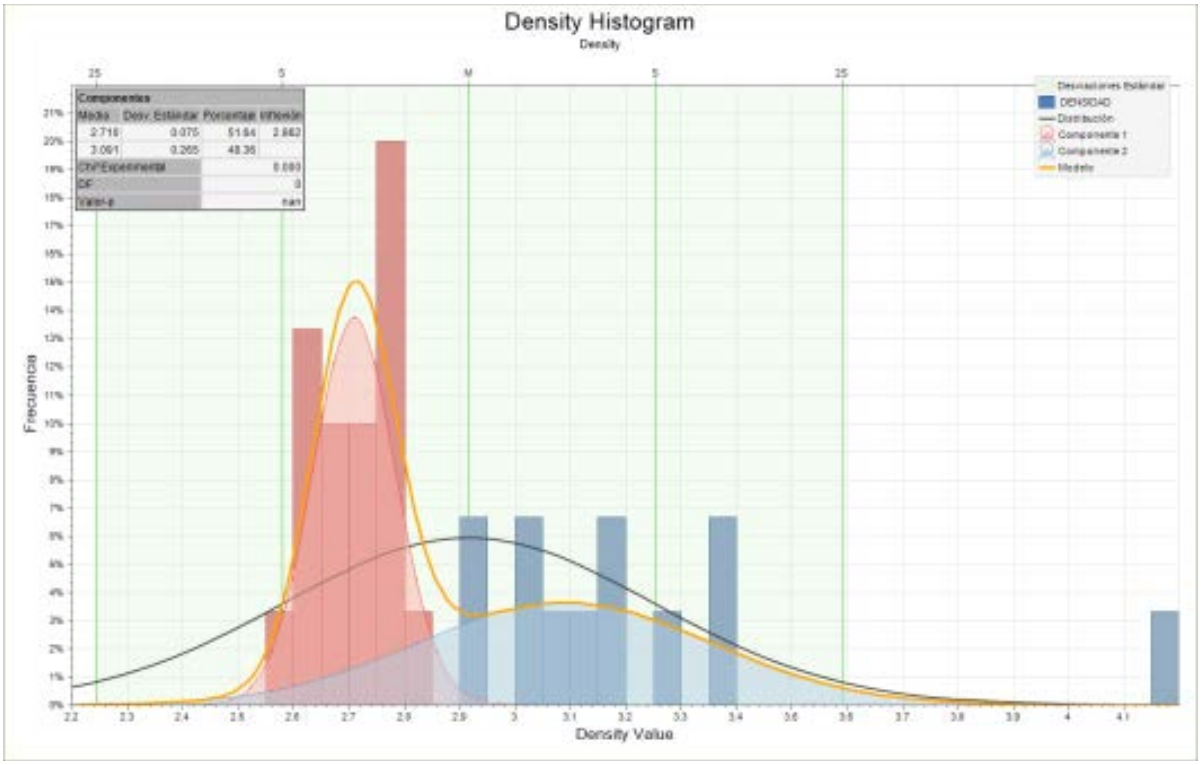


Figure 14-7. Histogram and statistical analysis of specific gravity samples.

14.7 Block Modelling

To attain a model most representative of the geology and then to apply economic factors to the model, two block models were created; the first, being a sub-blocked model optimised for the geometry of the mineralised structures, then the second a re-block of the first model based on the minimum mining width.

The two block models were built in Micromine software, the dimensions of the first sub-blocked model are 6 m x 1 m x 4 m with sub-blocking of 12, 5 and 8 respectively generating minimum sub- blocks dimensions of 0.5 m x 0.2 m x 0.5 metres. The block model has an orientation of 345 azimuth and is restricted to mineralised domain, with a total of 2,375,659 blocks and sub-blocks.

The regularization of the sub-blocked model was carried out considering the dimensions of the minimum mining width with regular blocks of dimensions 1.0 m x 0.6 m x 1.0 m without sub-blocking, with the same 345 azimuth rotation. Details of the block model definitions are provided in Table 14-6.

Table 14-6. Parameters of the definition of the block models.

	Original Block Model (orientation 345 azimuth)			
	Origin Min Centre	**Block Size**	**Factor Sub-Block**	**Min Block Size**
X Coordinate	442122	6.0 m	12	0.5 m
Y Coordinate	8602625	1.0 m	5	0.2 m
Z Coordinate	4298	4.0 m	8	0.5 m

	Regularized Block Model (Orientation 345° azimuth)			
	Origin Min Centre	**Block Size**	**Factor Sub-Block**	**Min Block Size**
X Coordinate	442355	1.0 m	-	1.0 m
Y Coordinate	8602722	0.6 m	-	0.6 m
Z Coordinate	4300	1.0 m	-	1.0 m

14.8 Variography

Due to the limited amount of data within most of the individual domains, variogram analysis was performed only on the largest domains, those with the most data points from the drilling and channel samples (the Española vein, the 12 de Mayo Vein, and the Victoria vein).

Directional variograms for silver, lead and zinc were produced for each of these domains. The Variogram parameters are provided in Table 14-7.

Table 14-7. Variogram parameters for silver, lead, and zinc.

Variogram Parameter for Silver

			Structure						
	Domain	**Nugget**	**Sill**	**Major**	**Semi Major**	**Minor**	**Bering**	**Plunge**	**Dip**
Ag_OZT	Espanola	40	278	50	30	20	245	0.3	-65
Ag_OZT	Victoria	33	275	60	50	20	64	0.3	-65
Ag_OZT	12 de Mayo	34	128	60	30	25	84	3	-85

Variogram Parameter for Lead

			Structure						
	Domain	**Nugget**	**Sill**	**Major**	**Semi Major**	**Minor**	**Bering**	**Plunge**	**Dip**
Pb_PCT	Espanola	1.09	11.21	72	60	55	245	0.3	-65
Pb_PCT	Victoria	4.65	39.2	120	45	35	64	0.3	-65
Pb_PCT	12 de Mayo	4	12.3	96	89	5	84	3	-85

Variogram Parameter for Zinc

			Structure						
	Domain	**Nugget**	**Sill**	**Major**	**Semi Major**	**Minor**	**Bering**	**Plunge**	**Dip**
Zn_PCT	Espanola	1.3	19.34	77	60	43	245	0.3	-65
Zn_PCT	Victoria	1.38	11.89	45	30	5	64	0.3	-65
Zn_PCT	12 de Mayo	0.3	3.44	83	65	7	84	3	-85

The definition of the minor axes was given by the modelled orientations of the mineralized structures, the variograms were modelled in order to determine the plunge orientation of the major axis, which in turn defines the intermediate, and to establish the ranges in the major and intermediate axes and the nugget effect. Only the mineralized domains of 12 de Mayo, Victoria and Española contained enough data points to

establish competent variogram models for silver, lead, and zinc. The knowledge gained from the variogram models of the three principal mineralised structures was transferred across and applied to the estimation of the veins with few data points.

14.9 Estimation Strategy

14.9.1 Estimation Methodology

The estimation of silver, gold, lead, zinc, and copper was carried out using Inverse Distance Weighting (IDW). Ordinary Kriging was avoided due to the insufficient sample density in the estimation domains, but also because of high variability of the metal values within each domain could produce a non-optimal estimation. The estimation was carried out using several passes, applying the following generalized approach:

- The first estimation pass set at 70% of the search ellipse ranges.
- The second estimation pass set at 100% of the search ellipse ranges.
- The third estimation pass set at 200% of the search ellipse ranges.
- The fourth pass using a search ellipse of approximately 300% of the range.

Most of the blocks within each domain were estimated within the first two estimation passes and passes 3 and 4 were used to estimate blocks along the peripheries of the mineralized domains defining those within a lower confidence category.

14.9.2 Estimation Parameters

The search ellipse and estimation parameters, all using IDW3, are summarized in Table 14-8. Typically, three passes per domain were sufficient to the estimate all the blocks, but due to the quantity and distance between samples in some domains, two passes were used with ranges of greater scope.

Table 14-8. Summary of search ellipse and estimation parameters.

Estimation Pass	Domain	Min # of Composites	Max # of Composites	Range		
				Major	Intermediate	Minor
Pass1	Española_P	3	10	60	40	10
Pass2	Española_P	2	7	120	80	20
Pass3	Española_P	2	4	180	120	30
Pass1	12Mayo_P	3	12	60	30	15
Pass2	12Mayo_P	2	10	120	60	30
Pass3	12Mayo_P	2	6	180	90	45
Pass1	12Mayo_P_	3	12	60	30	15
Pass2	12Mayo_P_	2	10	120	60	30
Pass3	12Mayo_P_	2	4	180	90	45
Pass1	Victoria	5	15	70	40	20
Pass2	Victoria	4	15	140	80	40
Pass3	Victoria	2	4	210	120	60
Pass1	12Mayo_RHW_	3	*	60	30	15
Pass2	12Mayo_RHW_	2	10	120	60	30

Estimation Pass	Domain	Min # of Composites	Max # of Composites	Range		
				Major	Intermediate	Minor
Pass3	12Mayo_RHW_	2	4	180	90	45
Pass1	Española_RFW	3	*	60	40	10
Pass2	Española_RFW	2	10	120	80	20
Pass3	Española_RFW	2	4	180	120	30
Pass1	Betsaida_P	3	*	60	40	15
Pass2	Betsaida_P	2	10	120	80	30
Pass3	Betsaida_P	2	4	180	120	45
Pass1	Carolina II	3	*	60	40	15
Pass2	Carolina II	2	5	120	80	30
Pass3	Carolina II	2	4	180	120	45
Pass1	Maria_P	3	*	70	40	20
Pass2	Maria_P	2	5	140	80	40
Pass3	Maria_P	2	4	210	120	60
Pass1	Maria_RHW1	3	*	70	40	20
Pass2	Maria_RHW1	2	2	140	80	40
Pass3	Maria_RHW1	2	4	210	120	60
Pass1	Maria_RHW	2	*	70	40	20
Pass2	Maria_RHW	2	*	140	80	40
Pass3	Maria_RHW	2	4	210	120	60
Pass1	Yolanda_P	3	*	42	28	10
Pass2	Yolanda_P	2	10	120	80	30
Pass3	Yolanda_P	2	4	180	120	45
Pass2	NV_P	3	*	120	80	20
Pass3	NV_P	2	4	180	120	30
Pass1	Carolina_P	3	*	60	40	15
Pass2	Carolina_P	2	4	120	80	30
Pass3	Carolina_P	2	4	180	120	45
Pass2	12Mayo_RHW	2	10	120	60	30
Pass3	12Mayo_RHW	2	4	180	90	45
Pass2	12Mayo_RFW1	2	10	120	60	30
Pass3	12Mayo_RFW1	2	4	180	90	45
Pass2	12Mayo_RFW_	2	10	120	60	30
Pass3	12Mayo_RFW_	2	4	180	90	45
Pass2	Carolina_RFW	2	10	120	60	30
Pass3	Carolina_RFW	2	4	180	90	45
Pass2	12Mayo_RFW	2	10	120	60	30
Pass3	12Mayo_RFW	2	4	180	90	45

*no maximum number of composites was assigned to these estimation passes; they were set to use all the possible composites that would fall within the ranges used.

Most of the domains were estimated using three passes, the first assigning the blocks that are closer to the input data, the second assigning blocks that are further away and then the third assigning the peripheral

blocks within the domain. The domains Española_P, 12Mayo_P, 12Mayo_P_, Victoria, 12Mayo_RHW_, Española_RFW, Betsaida_P, Carolina II, Maria_P, Maria_RHW1, Maria_RHW, Yolanda_P, and Carolina_P were all estimated with three passes. The other domains, NV_P, 12Mayo_RHW, 12Mayo_RFW1, 12Mayo_RFW, 12Mayo_RFW_, and Carolina_RFW were estimated on the second and third passes alone as the spacing between the input data points was greater than the range applied in the first pass.

The mineralized structures 12Mayo_RFW, 12Mayo_P and 12Mayo_RHW are crosscut by the Victoria fault and have been displaced by the fault movement, creating two domains per structure. These domains have been modelled separately and are identified in the table as 12Mayo_RFW & 12Mayo_RFW_ , 12Mayo_P & 12Mayo_P_, and 12Mayo_RHW & 12Mayo_RHW_.

14.10 Block Model Validation

The block model estimation has been validated using the following techniques:

1. Visual inspection of the estimated block grades relative to the assay composites.
2. A comparison of the sample composite means with the estimated means from each of the block model domains.
3. A swath plot evaluation of the block model grade profiles in an east-west axis against a nearest neighbour estimation and the assay composites.

14.10.1 Visual Validation

A detailed visual inspection of the block model was performed both in long section and in plan to ensure that the results obtained in the interpolation are representative of the geology and known grade distribution. The estimated gold, silver, lead, zinc, and copper grades in the model are a valid representation of the sample data taken from the drill holes and channels. Figures 14-8, 14-9, and 14-10 are long sections of the principal mineralised structures, Española, 12 de Mayo and Victoria, respectively. Each figure shows the block model coloured by silver grade and the input data points, both channel samples and the drill hole impacts.

In the visual validation of the Española mineralized structure one can observe the grade variability demonstrated in the channel sample data extending down dip and connecting with the more widely spaced drill holes sample. Laterally towards the eastern edge of the structure the behaviour of the extrapolation is seen to lose range, the blocks in this region fall into a lower confidence category.

A visual validation of the 12 de Mayo vein demonstrates a good correlation between sample data points and the estimated, maintaining variability close to the channel data sample points with smoothing of the estimation towards a local mean further away from the data points.

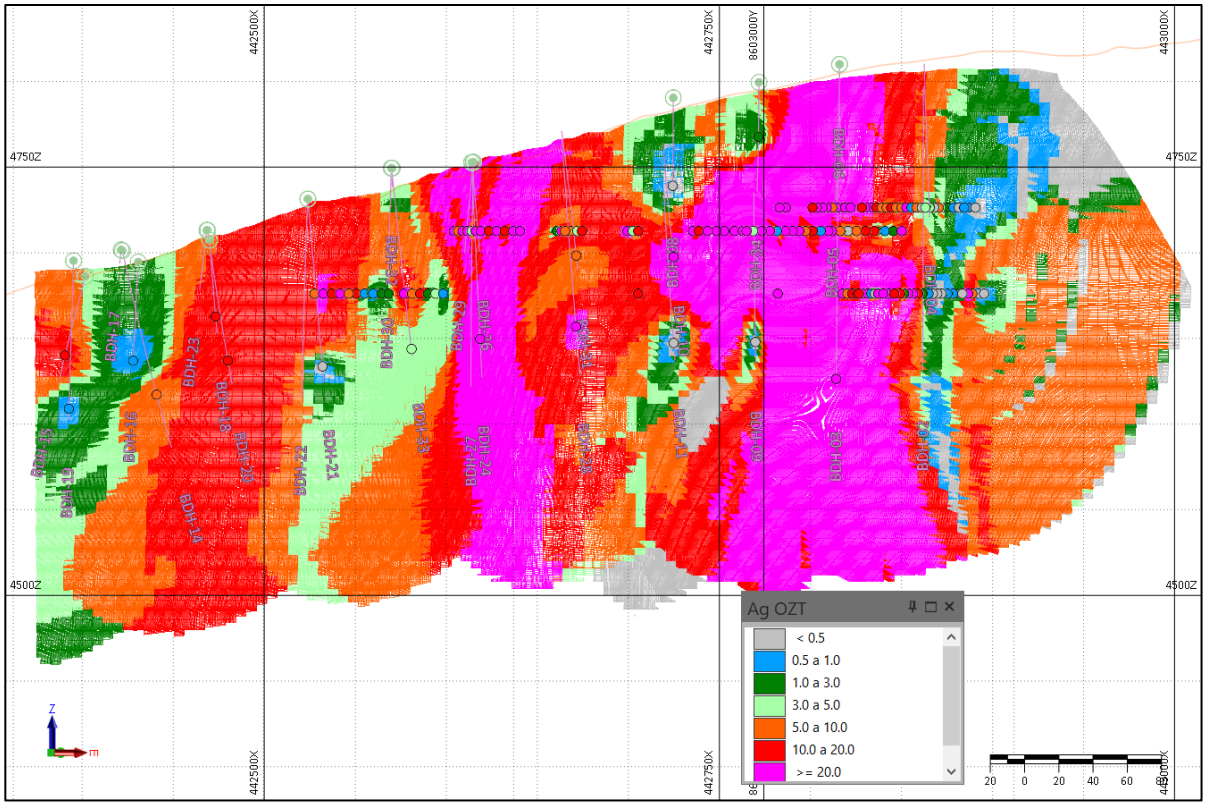


Figure 14-8. Long section of the Espanola Domain looking north.

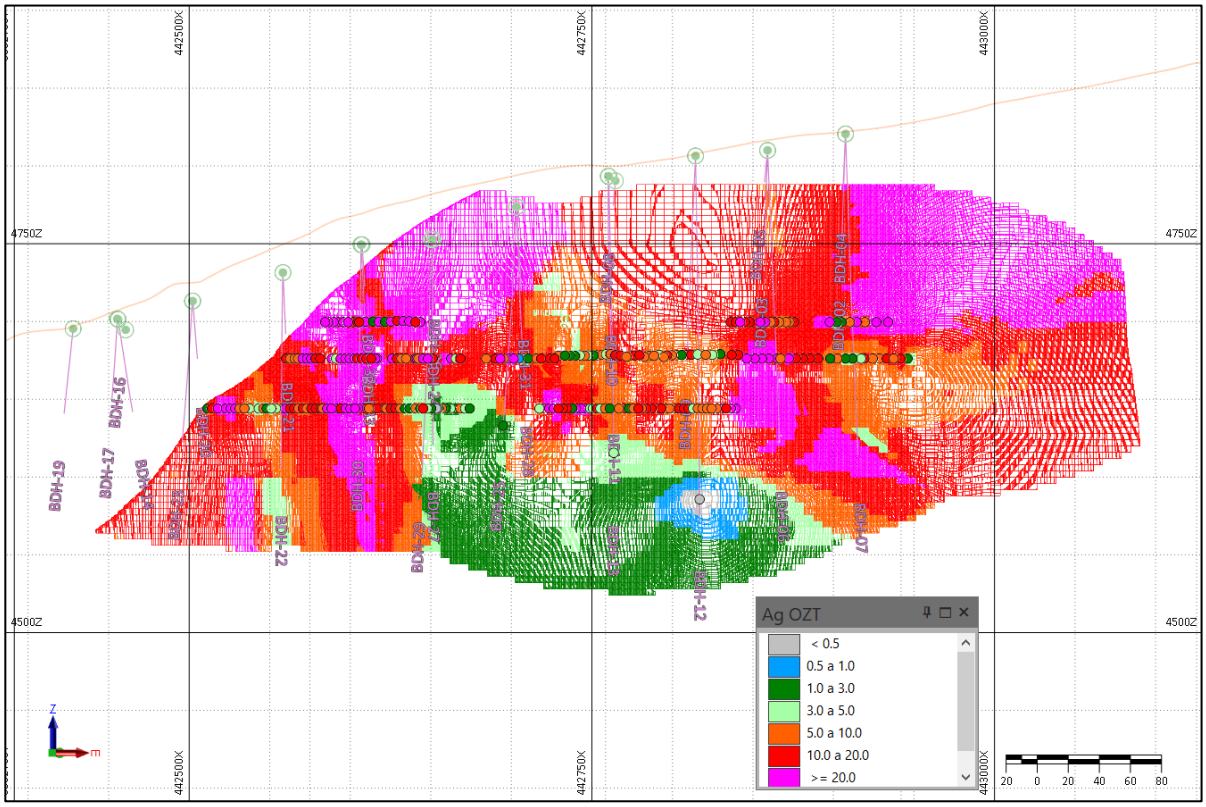


Figure 14-9. Long section of the 12 de Mayo Domain looking north.

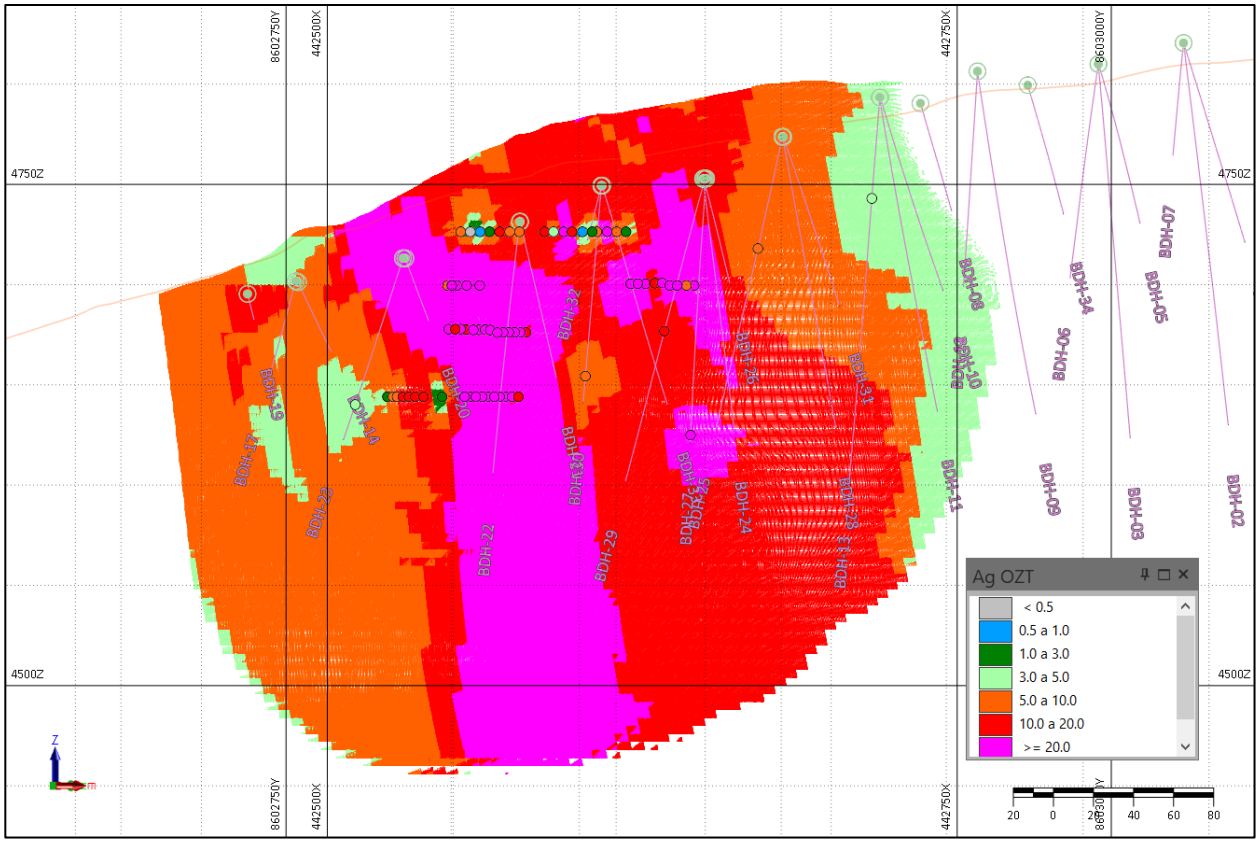


Figure 14-10. Long section of the Victoria Domain looking north.

The down-dip extension in the center of the structure is estimated from the drill hole data points, it is possible that this region could contain higher grade material, but the drill hole density was not sufficient to capture the variability.

A visual validation of the block model estimate in the Victoria structure demonstrates how the estimation maintains a reasonable representation of the high-grade shoot within the structure, but however an increase in the input data density at depth is required to map the variability seen in the channel sample of the upper levels.

14.10.2 Comparison of Means

A basic analysis of the comparison of the statistics between the estimated results and the input data shows that the estimation does not exhibit any bias and is representative of the samples used in the resource calculation (Table 14-9).

Table 14-9. Comparison of the statistics between estimated results and input data.

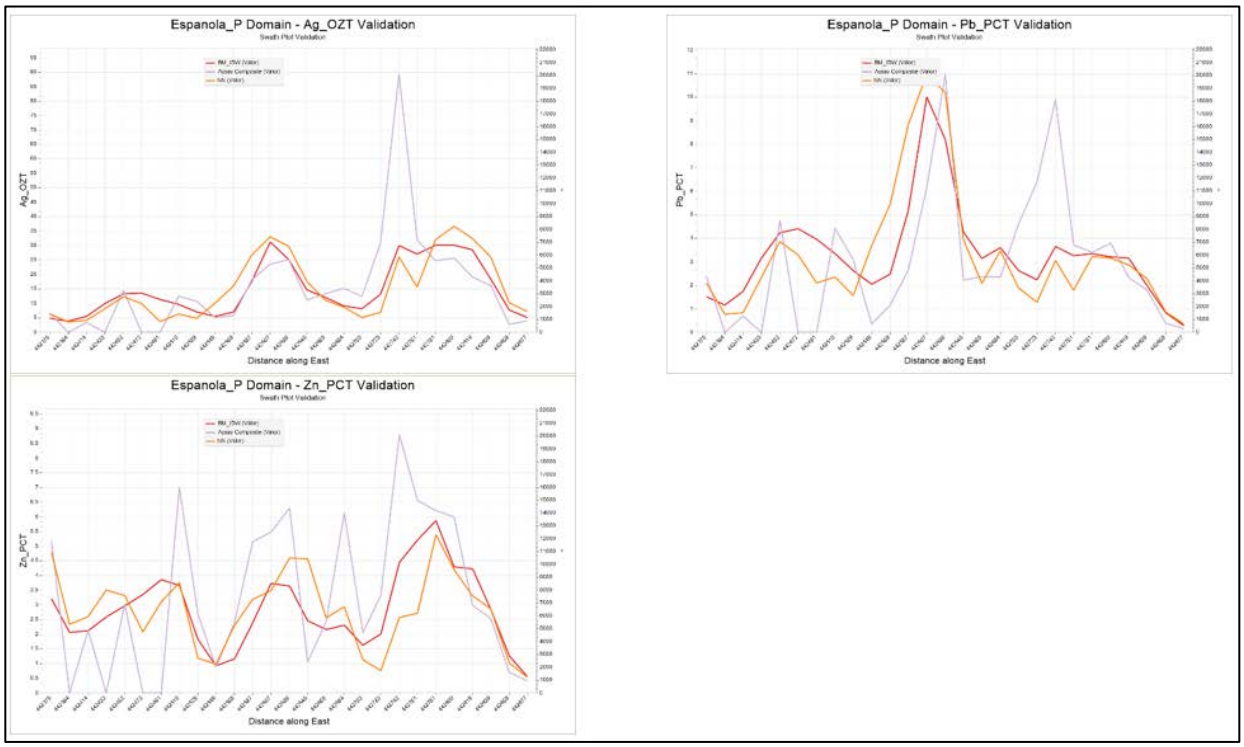
	Mean	
	Estimation Results	**Input Data**
Au g/t	0.62	0.50
Ag ozt	13.03	17.05
Pb %	3.41	4.62
Zn %	2.46	2.84
Cu %	0.22	0.25

14.10.3 Statistical Validation of IDW Estimation Compared with Nearest Neighbour

The block model was populated with a simple nearest neighbour (NN) estimation and a set of swath plots generated to show how the IDW estimation varies with respect to the NN, and the assay composite values.

The swath plots show graphically how the grade distribution varies from west to east, along strike of the vein sets, plotting the IDW estimated values against the NN estimated values and the assay composite values. Examples for the principal domains, Española, Victoria, and 12 de Mayo are provided in Figures 14-11. In general, there is a good correlation between the drillhole assay data, the nearest neighbor model, and the estimated block grades.

The swath plots for the Española domain demonstrate a good correlation between the IDW and NN estimates, and a good representation of the input data showing no bias, maintaining a local average, and reducing the extremely high and low values to a more local mean.



Figures 14-11. Swath Plot validations for the Espanola Domain showing Ag oz/t, Pb% and Zn% grades.

The swath plots for the Victoria domain maintain a good correlation with the NN estimation across the entirety of the structure, but further towards the east both the NN and IDW estimates are seen to lose variability and tend towards a smoothed local mean, demonstrating that reduced number of input data points in this region.

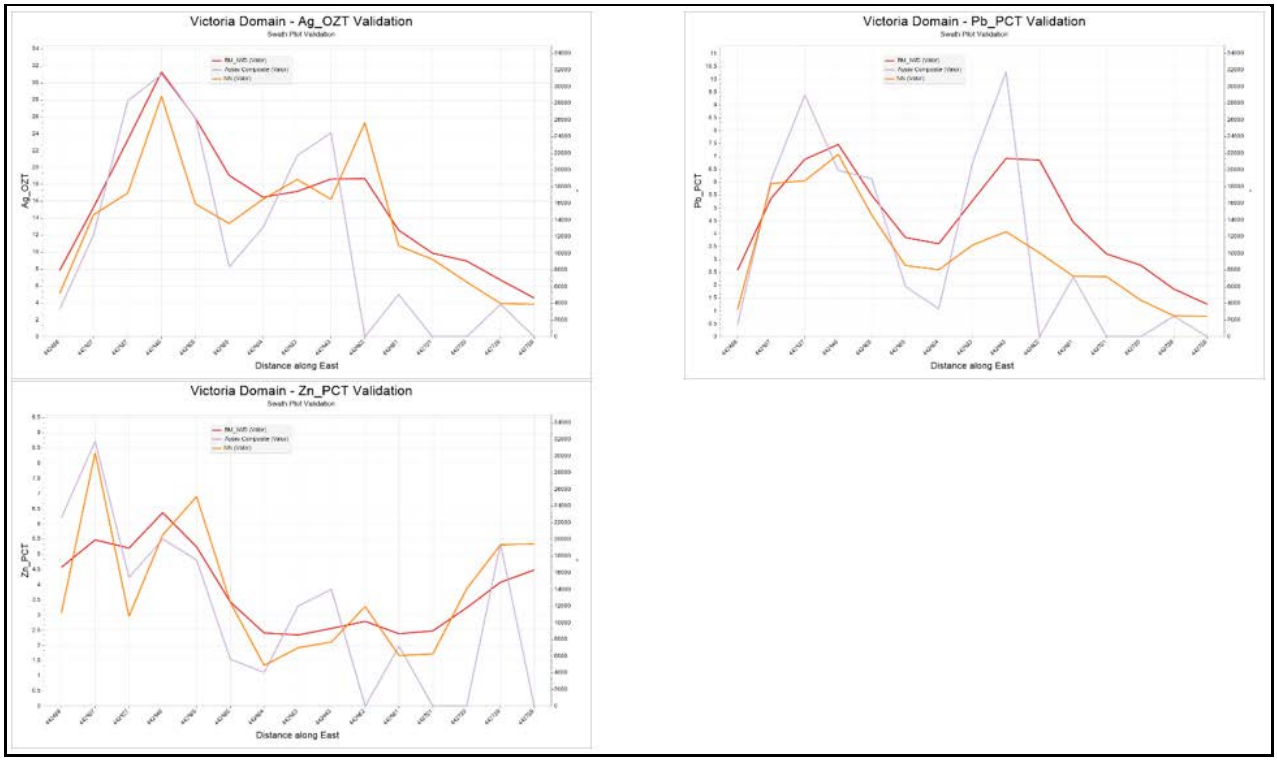


Figure 14-12. Swath Plot validations for the Victoria Domain showing Ag oz/t, Pb% and Zn% grades.

The Swath plots for the validation for the 12 de Mayo domain demonstrate a good correlation with the NN and IDW estimates, with the local smoothing of the grade values from the composite input data. In the extreme east of the domain the IDW estimate begins to diverge from the NN estimate and the composite data, demonstrating that the estimate extrapolation is surpassing its range and reducing confidence in these blocks.

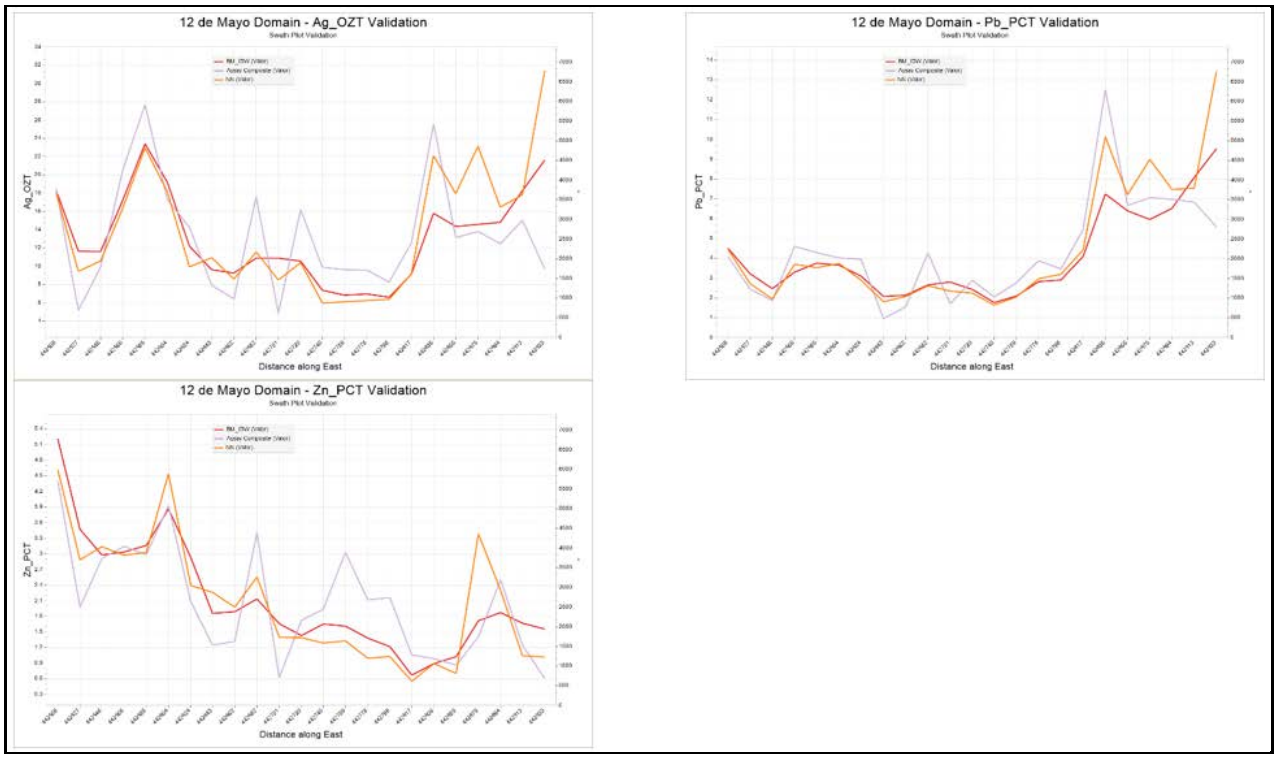


Figure 14-13. Swath Plot validations for the 12 de Mayo Domain showing Ag oz/t, Pb% and Zn% grades.

Overall the Swath Plot validation results indicate that the IDW model is a reasonable reflection of the input data.

14.11 Mineral Resource Classification

The classification of the resource is based upon the ranges observed in the variogram models and the number of the drill hole composites that went into estimating the blocks. The following table explains the definition used to define the different resource classifications.

Table 14-10. Resource classification parameters applied to the mineral resource estimation.

	Distance			
	X (along structure)	Z (down dip)	Min N° Drillholes	Min N° Samples
Indicated	50	30	3	3
Inferred	90	70	2	2

After assigning of the classification of the blocks empirically using the parameters mentioned shown in Table 14-10, the model was reviewed and of the resulting classification adjusted based on the understanding of the geological interpretation, data density and production figures.

There mineral resource classification does not contain any blocks in the measured category as the exact location of the majority of the channel samples were not measured but were approximated, captured from maps, and translated to their final three-dimensional location.

Figures 14-14, 14-15, and 14-6 show the final classifications for the Española, Victoria and 12 de Mayo domains, respectively.

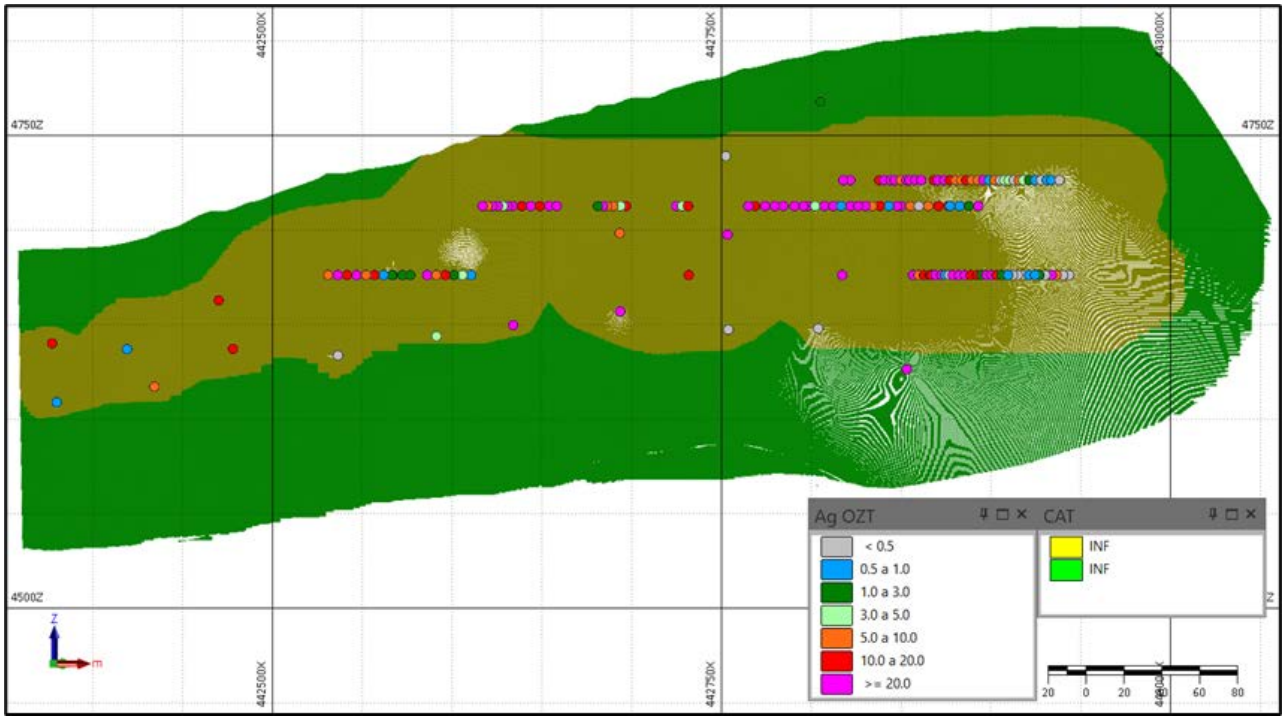


Figure 14-14. Final classification of the Española Domain.

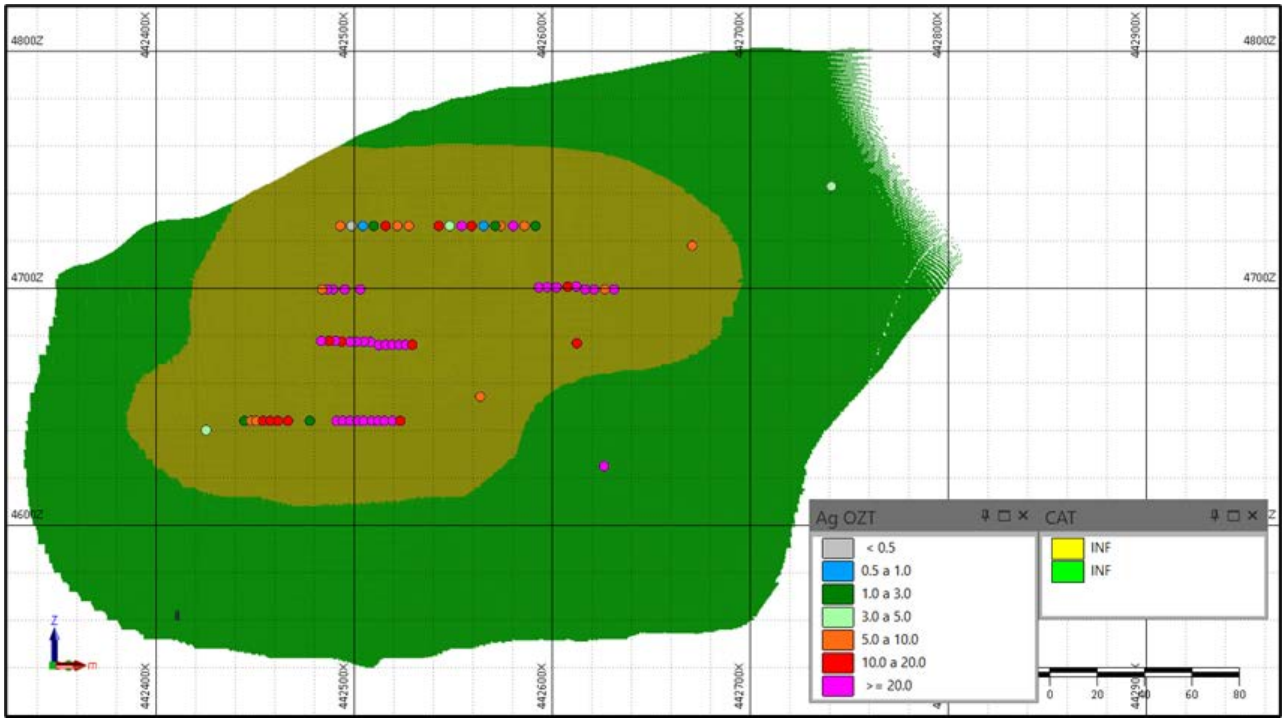


Figure 14-15. Final classification of the Victoria Domain.

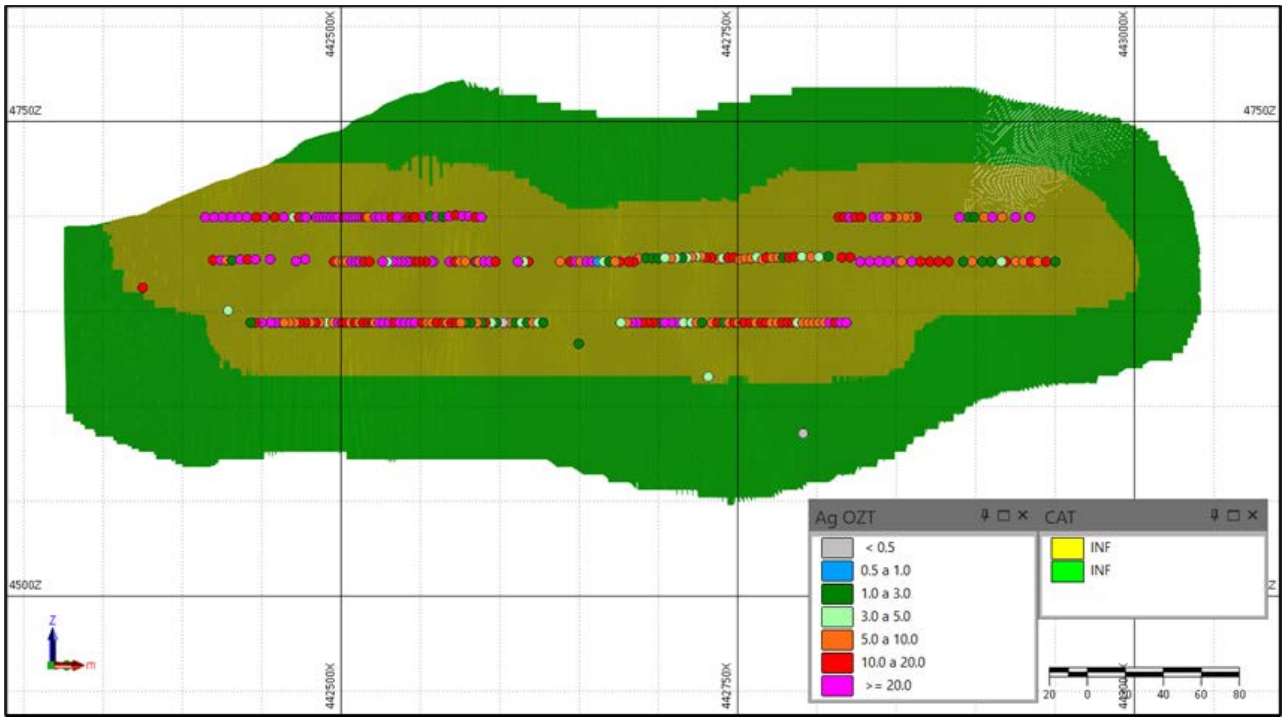


Figure 14-16. Final classification of the 12 de Mayo Domain.

14.12 Cut-off Grade

In order to apply a cut-off to the resource estimation and to determine the amount of material that could be reasonably and economically extracted the sub-blocked model was regularised considering a minimum mining width of 0.6 m, the stope width of the historic mining operations. Table 14-11 shows how the variation in a change in cut-off grade effects the overall metal content, there a is slight and steady decrease in contained metal with an increase in cut-off grade, therefore the deposit is not sensitive to changes in variations in cut-off and hence metal prices. Figure 14-17 shows how the resource is sensitive to changes in cut-off; as the cut-off grade is increased the tons of the extractable material decreases but does not show any rapid decrease in contained metal value with respect to increasing in cut-off value.

Table 14-11. Grade sensitivity analysis - tonnes and grade and contained metal for a range of AgEq cut-off values.

Cutoff Ag Eq (g/t)	Tonnage (t)	Average Grade Ag Eq (g/t)	Ag Eq (oz)	% por metal Au	Metal Au (oz)	% por metal Ag	Metal Ag (oz)	% por metal Pb	Metal Pb (t)	% por metal Zn	Metal Zn (t)	% por metal Cu	Metal Cu (t)
90	1,162,159	375.8	14,040,673	5.3	10,315	65.1	9,142,109	14.4	26,005	12.0	16,173	3.1	1,381
100	1,104,443	390.5	13,864,734	5.2	9,954	65.3	9,050,635	14.4	25,705	12.0	15,906	3.1	1,358
110	1,058,191	402.9	13,708,686	5.1	9,665	65.4	8,967,740	14.4	25,426	12.0	15,677	3.1	1,338
120	1,012,933	415.8	13,541,457	5.0	9,279	65.6	8,882,327	14.5	25,150	11.9	15,422	3.1	1,320
130	970,671	428.5	13,371,499	4.9	9,008	65.7	8,787,472	14.5	24,839	11.9	15,177	3.1	1,302
140	931,955	440.7	13,203,467	4.8	8,753	65.9	8,695,055	14.5	24,523	11.8	14,918	3.0	1,285
150	891,336	454.1	13,014,482	4.7	8,404	66.0	8,591,084	14.5	24,150	11.8	14,682	3.0	1,266

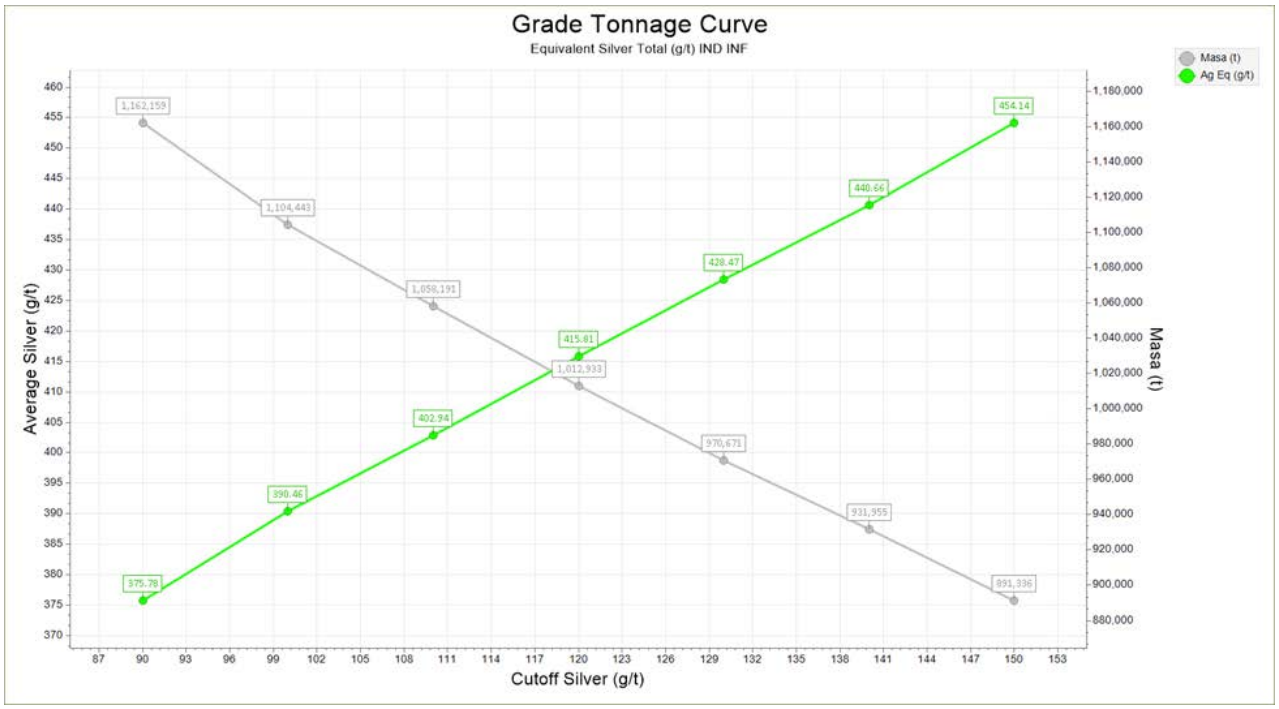


Figure 14-17. Grade-Tonnage Curve for AgEq for the Bethania maiden Mineral Resource Estimate.

The regularised block was used in the final resource calculation and the resource statement, applying a cut-off value of 100 ppm silver equivalent (AgEq). The value of the 100 ppm AgEq was used as it approximates the break-even cut-off value calculated using the parameters in Table 14-18. Silver equivalent was used in preferences to US Dollar value as the principal metal of value in the deposit is silver, representing between 70 and 74% of the total value.

14.13 Mineral Resource Statement

The maiden Mineral Resource Estimate consists of 18 different veins all located within the original mine area and includes data collected from the 2021 diamond drilling program as well as previously collected underground Channel samples. The resource estimate is solely focused on the main Bethania Mine area, with no mineral estimations from the newly identified and proximal Hilltop Zone. The maiden MRE Statement for the Bethania Silver Project is provided in Table 14-12.

Highlights of the maiden MRE include:

- Indicated resources of 5,858,521 oz silver equivalent* at an average grade of 451 g/t Ag Eq contained in 404,000 tonnes.
- Inferred resources of 8,006,431 oz silver equivalent* at an average grade of 356 g/t AgEq contained in 700,000 tonnes.
- Silver represents 74% of the gross metal value* in the Indicated Resource and 70% of the gross metal value in the Inferred Resource.

- Approximately 63% of the Indicated silver equivalent ounces are located above the main historical production adit level (4670 Level).
- Identified three main mineralized structures that control the 18 veins included in the maiden MRE.
- Significant resources contained above the 4670 Level, including approximately 56% of the Indicated tonnes and 34% of the Inferred tonnes.
- Resource model extends to a maximum depth from surface of 230 m in the 12 de Mayo vein, 200 m in the Española vein and 180 m in the Victoria vein. All three vein systems appear to be similarly important in controlling silver mineralization and remain open along strike and at depth.

*Silver equivalent (AgEq) is calculated using metal values for gold, silver, lead, and zinc and applying recovery factors. The calculation can be expressed with the following formula (F1):

$$\frac{\frac{(Au\ g/t)(Price\ Au\ \$/oz)}{31.1} + (\text{Ag oz/t})(\text{Price Ag}\ \$/oz) + \frac{\frac{(Pb\ \%)(Price\ Pb\ \$/t)}{100} + \frac{(Zn\ \%)(Price\ Zn\ \$/t)}{100} + \frac{(Cu\ \%)(Price\ Cu\ \$/t)}{100}}{Price\ Ag\ \$/oz}}{(31.1)} = Ag\ g/t\ Eq$$

$$\frac{\frac{(Au\ g/t)(1849.78\ \$/oz)}{31.1} + (\text{Ag oz/t})(25.44\ \$/oz) + \frac{\frac{(Pb\ \%)(1981.79\ \$/t)}{100} + \frac{(Zn\ \%)(2658.62\ \$/t)}{100} + \frac{(Cu\ \%)(7971\ \$/t)}{100}}{25.44\ \$/oz}}{(31.1)} = Ag\ g/t\ Eq$$

Table 14-12. Maiden Mineral Resource Estimate Statement, Bethania Silver Project, Peru

Category	Tonnage	GRADE						CONTAINED METAL	
		Ag	Pb	Zn	Au	Cu	AgEq	Ag	AgEq
		(g/t)	(%)	(%)	(g/t)	(%)	(g/t)	(oz)	(oz)
Indicated	404,000	332	2.63	1.95	0.26	0.16	451	4,317,540	5,858,521
Inferred	700,000	249	2.51	1.58	0.24	0.12	356	5,600,256	8,006,431

Eighteen veins were modelled in the MRE, which have been grouped into three vein systems based on the current understanding of the major structures controlling mineralization (Table 14-13). The vein systems appear to have strong structural controls along the broadly northeast-southwest trend of the Santa Elena concession, with various veins locally branching off the main structures. The vein groupings are as follows:

- Española Vein system includes Española, Española Footwall Branch (RFW), Carolina, Carolina II, Betsaida, Maria, Maria Footwall Branch (RFW), and Maria Footwall Branch 1 (RFW1), as well as Carolina Footwall Branch (RFW), which is identified as a structure but contains no resources.
- 12 de Mayo Vein system includes: 12 de Mayo, 12 de Mayo South, 12 de Mayo Footwall Branch (RFW), 12 de Mayo Footwall Branch 1 (RFW1), 12 de Mayo Hangingwall Branch (RHW), 12 de Mayo South Footwall Branch (RFW), 12 de Mayo South Hangingwall Branch

(RHW), and New Vein, as well as New Vein Footwall Branch (RFW) which is identified as a structure but contains no resources.

- Victoria Vein system includes Victoria and Yolanda veins.

Table 14-13. Mineral Resources by interpreted vein system.

Española Vein System			
Category	Tonnage	GRADE	CONTAINED METAL
		AgEq (g/t)	AgEq (oz)
Indicated	202,000	483	3,138,264
Inferred	273,000	369	3,237,942
12 de Mayo Vein System			
Category	Tonnage	GRADE	CONTAINED METAL
		AgEq (g/t)	AgEq (oz)
Indicated	107,000	366	1,254,019
Inferred	216,000	344	2,392,283
Victoria Vein System			
Category	Tonnage	GRADE	CONTAINED METAL
		AgEq (g/t)	AgEq (oz)
Indicated	96,000	477	1,466,238
Inferred	211,000	350	2,376,206

By analyzing the maiden MRE by elevation (Table 14-14; Figure 14-18, 14-19, and 14-20), approximately 56% of the Indicated tonnes and approximately 63% of the Indicated AgEq ounces are located above the 4670 Level. Approximately 66% of the Inferred tonnes and 65% of the Inferred AgEq ounces are located below the 4670 Level. The 4670 Level was the main production adit level prior to the mine suspending operations in 2016, with minimal development and production occurring below that level. A significant portion of the maiden MRE is in the upper levels of the mine (above 4670 Level) while the mineral resources remain open at depth.

The maiden MRE figures consider material that has been extracted during production and material in the upper levels that cannot be extracted due to safety reasons.

Table 14-14. Mineral Resources above/below the 4670 Level.

Resources Above 4670 Mine Level			
Category	Tonnage	GRADE	CONTAINED METAL
		AgEq (g/t)	AgEq (oz)
Indicated	227,000	503	3,678,457
Inferred	240,000	366	2,826,367
Resources Below 4670 Mine Level			
Category	Tonnage	GRADE	CONTAINED METAL
		AgEq (g/t)	AgEq (oz)
Indicated	177,000	384	2,180,064
Inferred	460,000	350	5,180,064

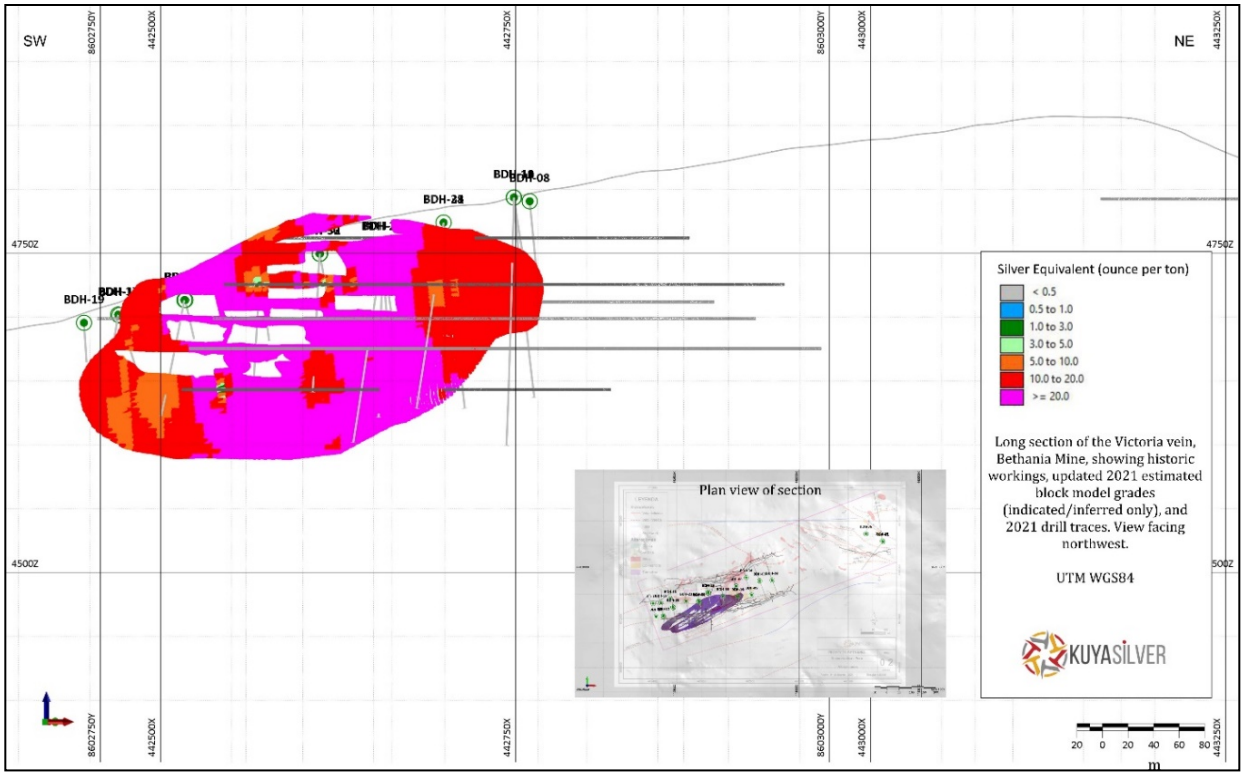


Figure 14-18. Victoria Vein long-section showing historical workings, updated 2021 estimated block model grades (Indicated/Inferred only), and 2021 drill hole traces.

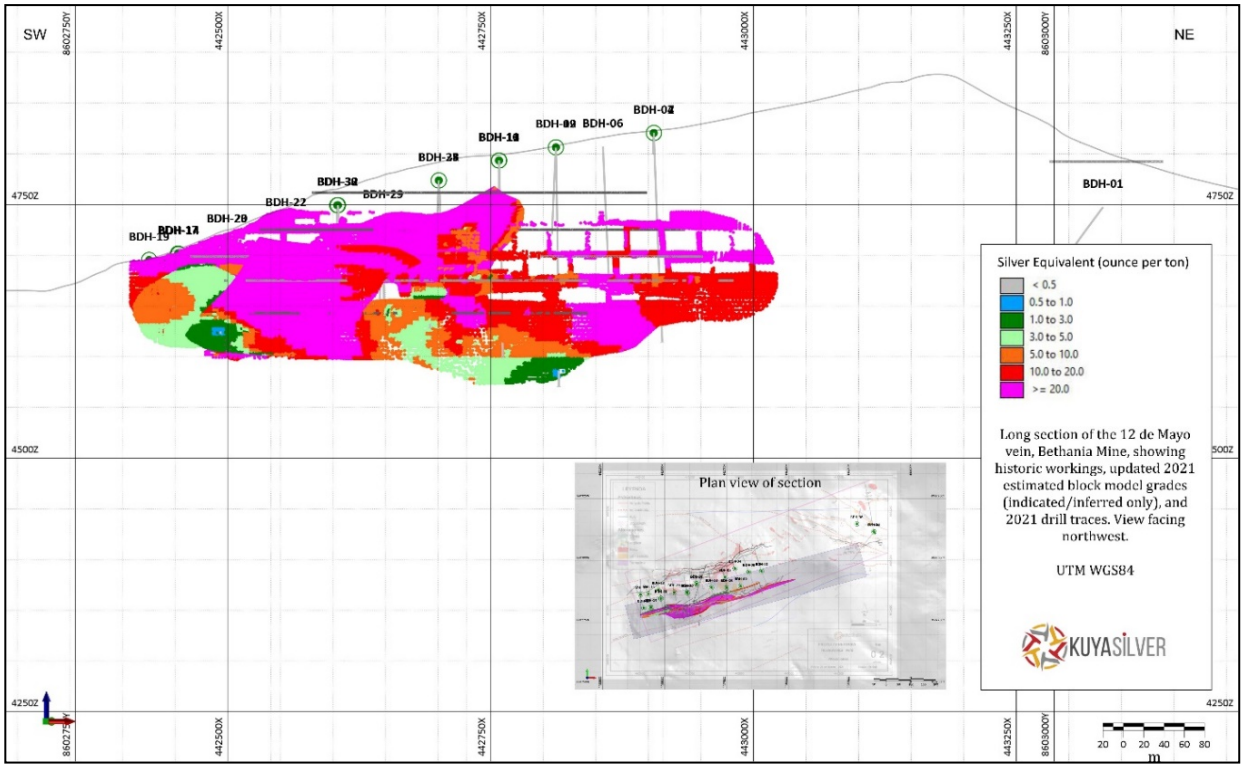


Figure 14-19. 12 de Mayo Vein long-section showing historical workings, updated 2021 estimated block model grades (Indicated/Inferred only), and 2021 drill hole traces.

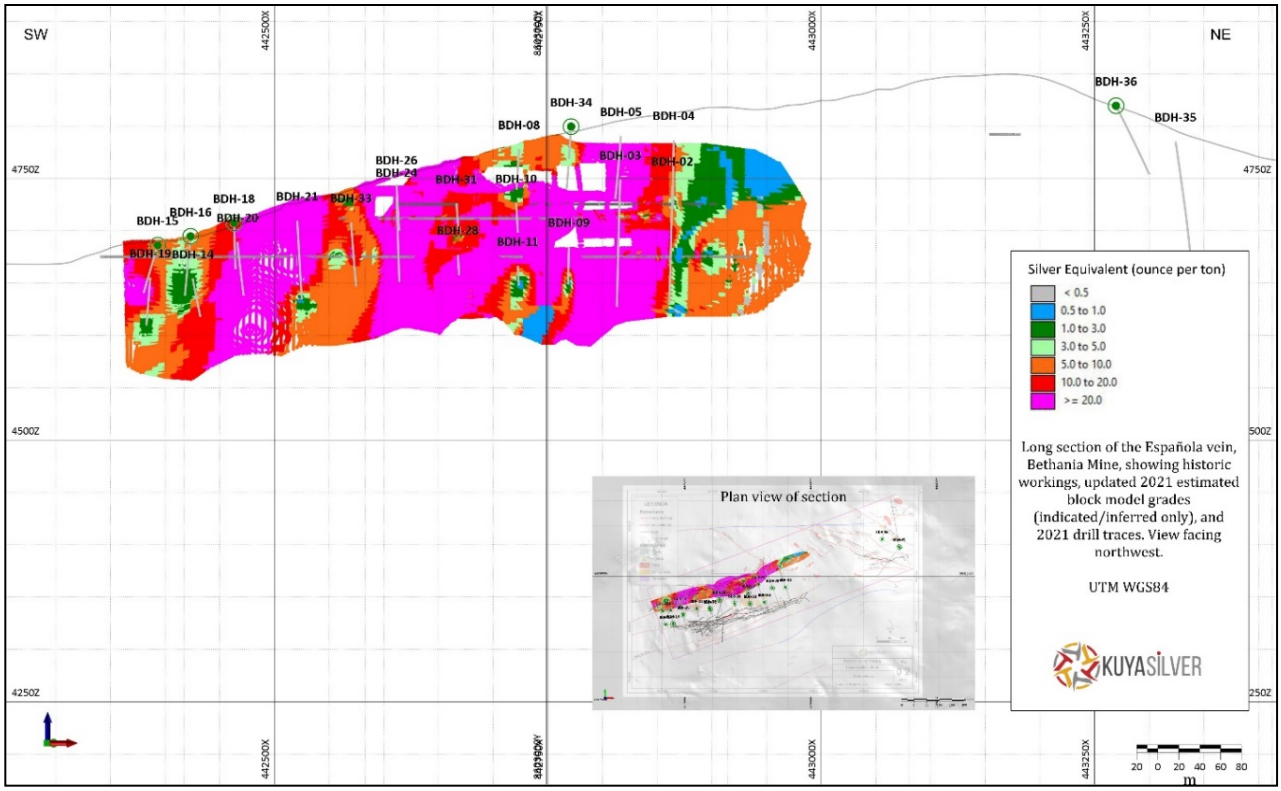


Figure 14-20. Española Vein long-section showing historical workings, updated 2021 estimated block model grades (Indicated/Inferred only), and 2021 drill hole traces.

15.0 MINERAL RESERVE ESTIMATES

This section is not applicable to the Project at its current stage. The Project has no current NI 43-101 Mineral Reserves.

14.14 Comments from Caracle Creek

Mineral reserve estimates cannot be completed until a current mineral resource estimate, as defined by NI 43-101, has been completed, as well as an auditable mining and processing plan.

Furthermore, there is a need to develop both geotechnical and geo-metallurgical models to assist with detailed mining and process design.

Section 26 provides a general budget and timeline of upcoming work that is associated with the mineral reserve estimation process, this includes mine rehabilitation work, sampling for metallurgical test work, new channel samples, geological mapping, and geotechnical revision.

16.0 MINING METHODS

The starting point for any future mining of the Bethania Mine and Property, comprises a review of the depth, extent, shape, ground conditions, and resource and/or reserve grades and confidence, both within and extending beyond the 2016 suspended historical mine workings.

16.1 Recorded Historical Mine Workings

The historical Mina Santa Elena (now Bethania Mine) has more than 6,500 metres of level development within six different veins. In addition, more than 2,000 metres of raise development was carried out in relation to stope production. Figure 16-1 shows a plan view of the overall level development prior to the suspension of mining operations in 2016.

These mine workings cover an underground area of approximately 650 m by 300 m with level spacing mostly varying from 20 m to 40 m and with the bottom main level (670 Level) accessed horizontally from a surface elevation of 4690 m AMSL as shown in Figure 16-2, a longitudinal vertical section of the workings on the 12 de Mayo vein.

The two main sources of historical production were the Veta 12 de Mayo, and the Veta Española (Figure 16-3). There were also four branch veins with small tonnages and very little lateral development.

The mine plan and sections also show what was the start of a -30 degree decline shaft, from surface to the 640 Level, for the development of the next level, and further development down to the 610 Level.

It is always necessary to keep development in advance of production in order to maintain production, but this was not the case, as by 2016 there was insufficient mine development to support on-going production. The maximum depth of workings at this time was 150 m from surface in the eastern end of the mine workings.

Figure 16-4 comprises Photos 16-1 to 16-5 showing the actual state of the mine during a previous site visit. Upper older levels (now mostly inaccessible) had sections varying 1.8 m x 1.2 m (Photo 16-1), whilst the newer lower levels were usually mined with a 2.4 m x 2.4 m section (Photo 16-2). Photo 16-3 shows the entrance to the bottom main 4670 Level at an elevation of 4690 m AMSL, and Photo 16-4 shows this as heavily lagged with timber within this level. There was one deeper level (4640) which was being developed and put into production, prior to the suspension of operations. This was accessed by two internal small shafts (winzes) and a declined shaft mined with dimensions 2.0 m x 2.0 m within timbers (Photo 16-5) from an elevation of 4705 m AMSL down to a short distance deeper than the 4640 Level for pumping purposes. The two winzes had been mined approximately 235 m apart for the purpose of developing Veta 12 de Mayo. It had been the intention to connect the 4640 Level between the winzes for ventilation, and prior to developing the rest of the veins on the 4640 Level. A plan of the 640 Level shows that another 42 m was needed to be driven to complete this level and ventilation connection.

This declined shaft was equipped with a winch, sufficient to haul one full half tonne wagon on rails to surface at a time. This was used for lowering the empty wagons and materials for use in the mine but cannot be used as a man access at the same time, this access being the western-most winze sunk below the 670 Level.

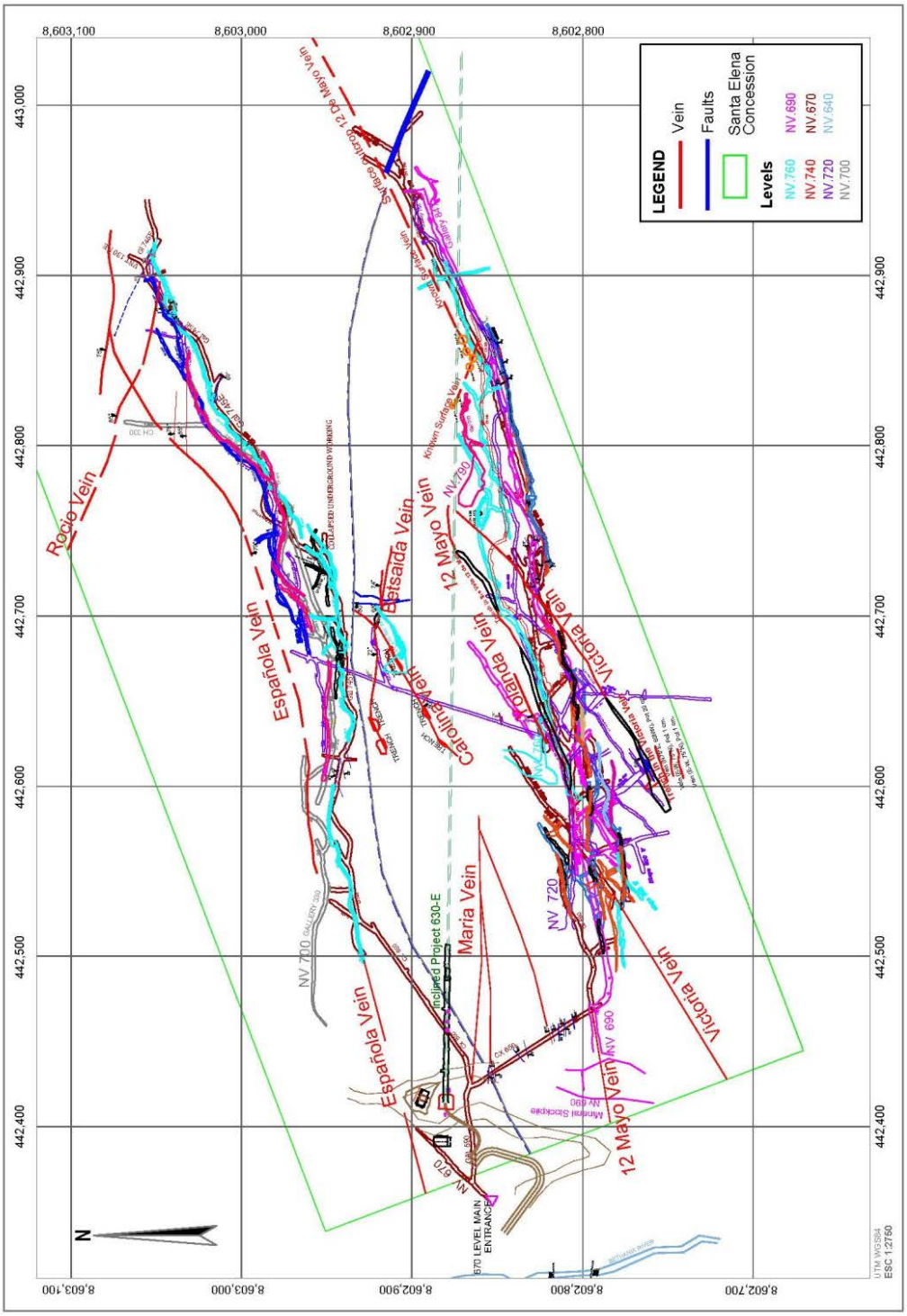


Figure 16-1. Plan map of the historical Mina Santa Elena workings and vein system, Bethania Silver Property.

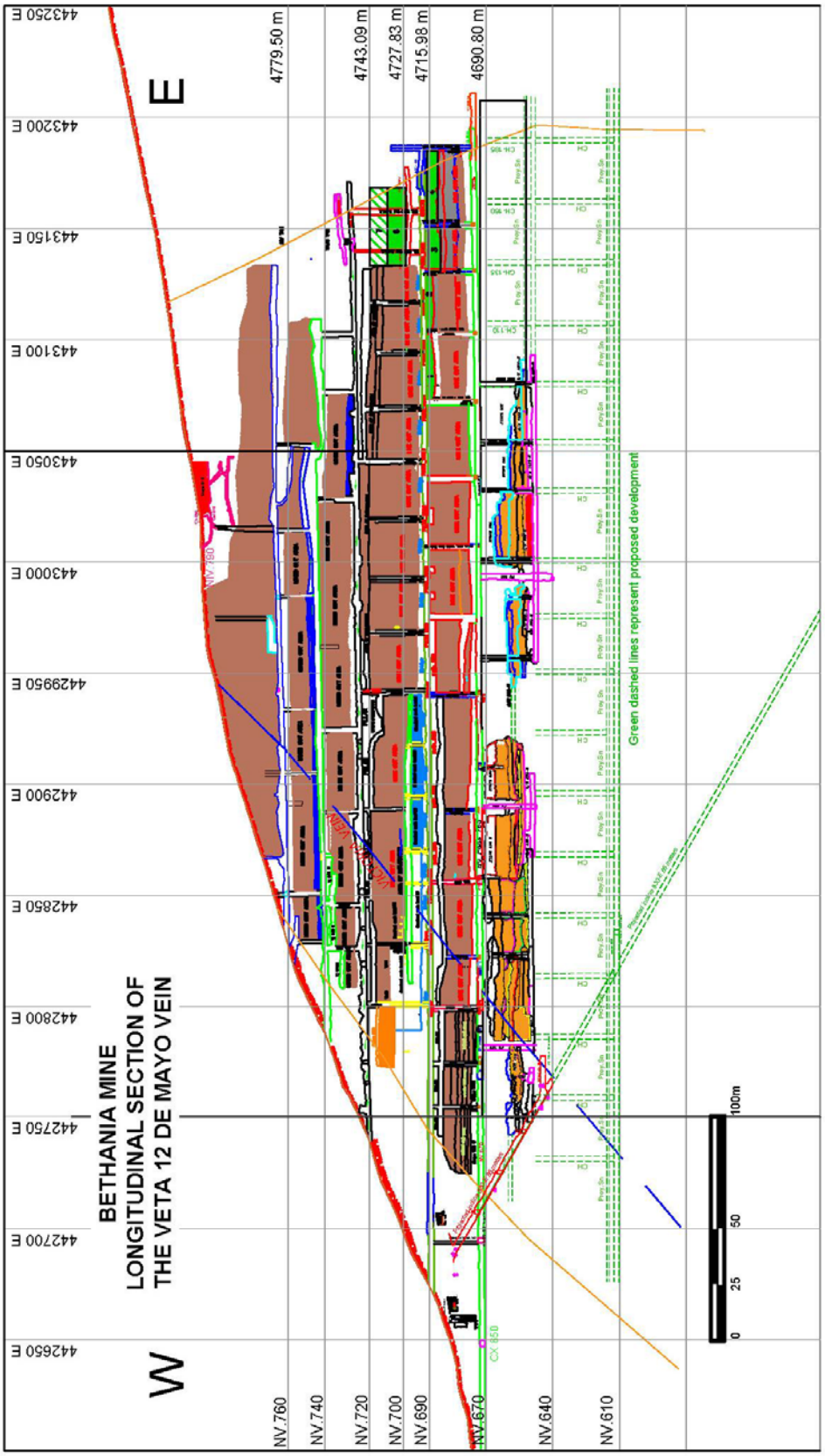


Figure 16-2. Vertical Longitudinal Section of the Veta 12 de Mayo, Bethania Mine.

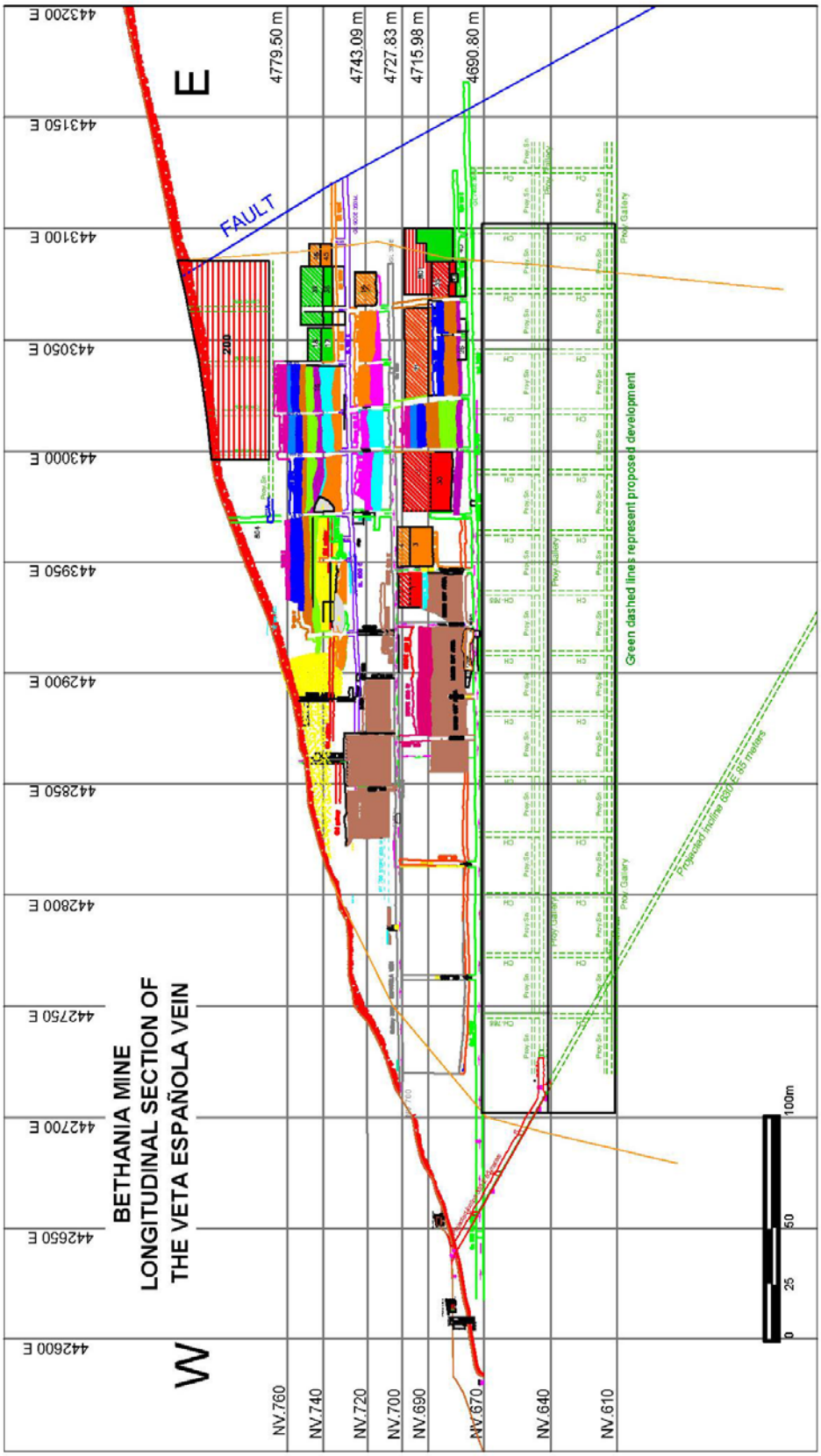


Figure 16-3. Vertical Longitudinal Section of the Veta Española, Bethania Mine.

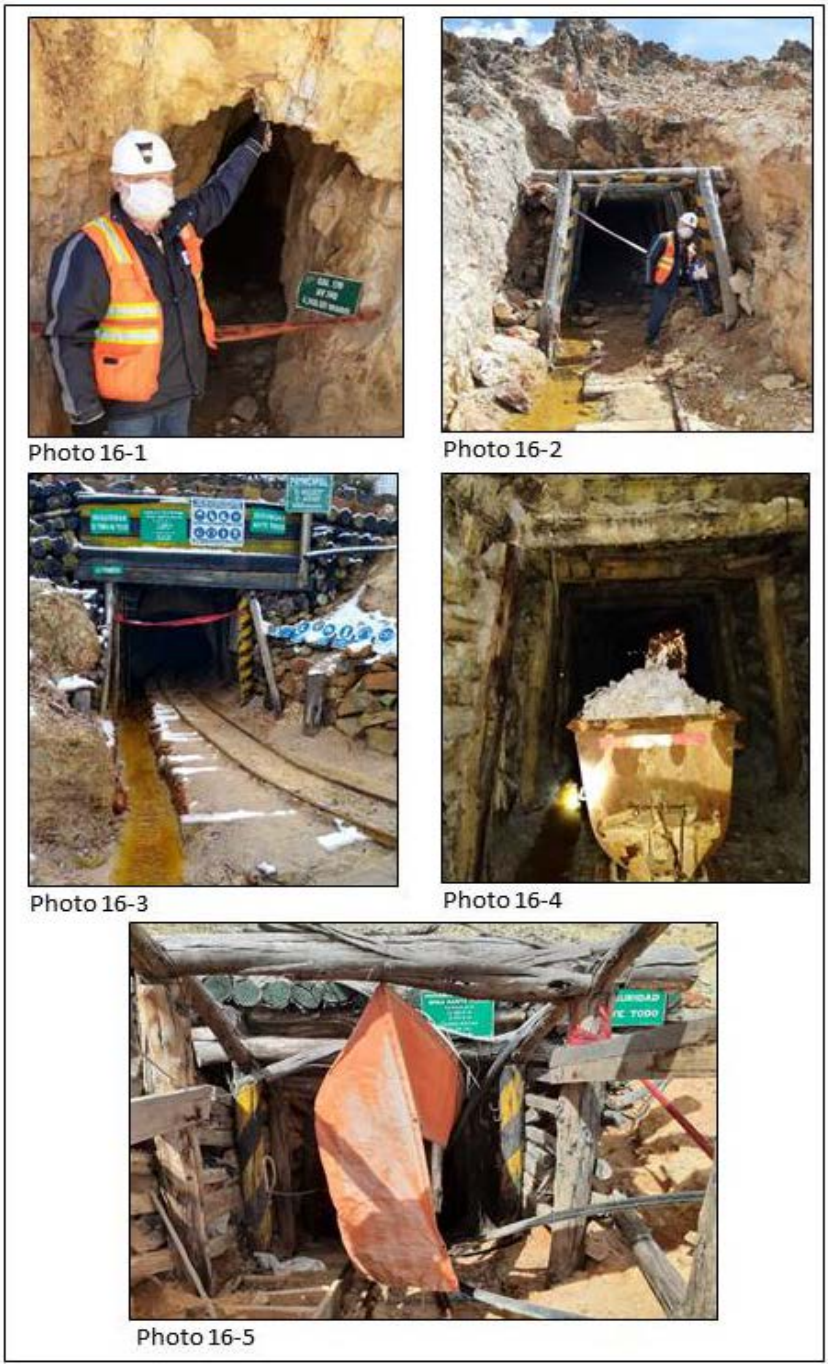


Figure 16-4. Photos 16-1 to 16-5, taken during a site visit to the Bethania Mine. Photo 16-1: 740 Level entrance; Photo 16-2: 720 Level entrance; Photo 16-3: 670 (Main) Level; Photo 16-4: Close timber lining; Photo 16-5: Entrance to the -30 degree decline shaft at the 4705 m AMSL elevation (source: Victor Vargas, Ing.).

16.2 Previous Stoping Method

Past mine operators (2010-2016) adopted the “resuing” method of mining “bonderline”, which resulted in very slow production advances and required a high amount of closely spaced timber supported

development, the slow advancing of which contributed to the decision to cease production in 2016 (Soria, 2019) (Figure 16-5).

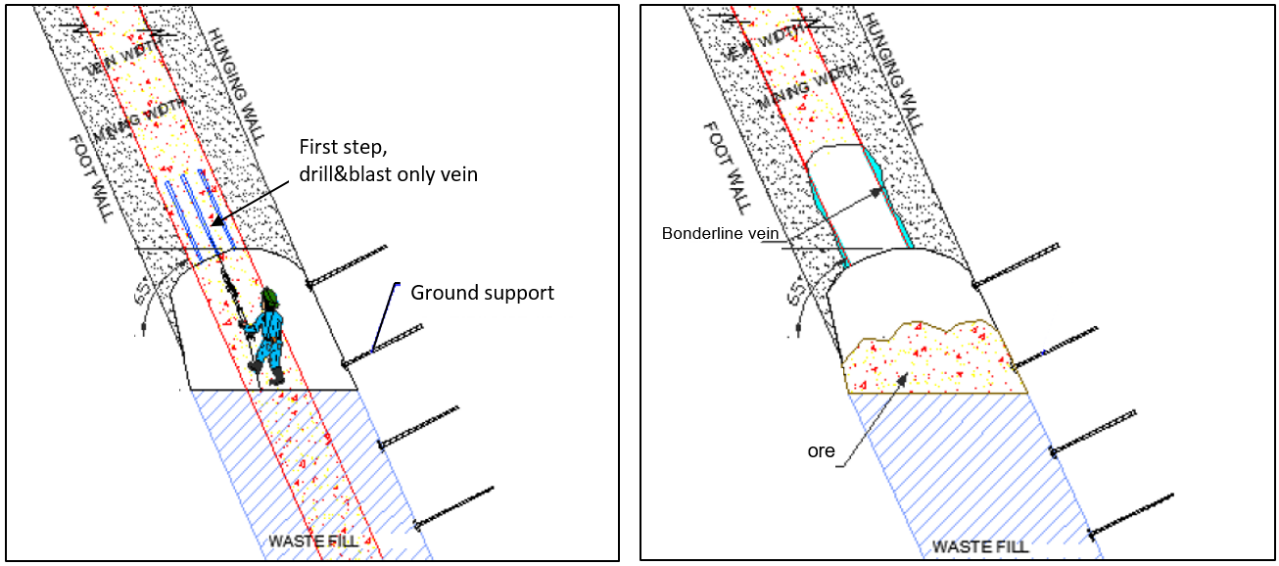


Figure 16-5. Schematic showing the historical mining method of over cut and fill, referred to as the "reusing" method (mining bonderline).

This method comprises selective drilling, blasting and mucking of narrow veins as stage one in a two-part advance cycle, followed by drilling and blast slyping of the wall rock to the mining width (usually not less than 1 m) required for the next advance along the vein, which in the historical Mina Santa Elena "flat-back" stopes provided the stope fill and the platform required for repeat of the mining cycle.

This method was however apparently applied to all advances on vein (level development, raising between levels, stope drifts and ascending stope benching). Although this method is sometimes favoured for steeply dipping, narrow high-grade veins (which in the case of the Bethania Mine are mostly less than 0.50 m), it is labour intensive and unproductive. Sometimes the mineral has to be mucked by hand which further slows the mining cycle. Under the best of mining conditions all development and stope advances take twice as long, if not longer.

Productivity at the historical Mina Santa Elena (mine) varied between 16 and 115 tonnes of selected mineral per day based on working week averages and required a full complement of 115 miners and staff.

In some Andean mines the separation of mineral from waste comprises the laying of sacking or wood boarding on the waste rock prior to blasting the next vein cut thus ensuring that maximum recovery of the high grade mineral is achieved. This further slows the mining advance. In the historical Mina Santa Elena, we are informed that the vein was blasted directly down onto the waste rock fill and then removed to the nearest stope rock-pass by scraping, a process that can lead to mineral loss or uncontrolled dilution if not

closely supervised. Any excess waste fill would have been removed separately using the same rock-passes (raise).

Resuing is best applicable to narrow vein mining where the mineral is not frozen to the walls and works best if there is considerable difference between the hardness of the mineral and of the wall rocks. In some cases, the wall rock can be extracted first. Resue mining at Bethania Mine could possibly be speeded by introducing captive “cavos” into stopes which have much wider spacing of mineral and waste passes, but this requires slyping to at least 2 metres width and an increase in associated costs.

The slowest part of the development and production cycle in the mine was the mining of raises between levels which for “scraping” of mineral and waste were required at 50 metre intervals. Even with the use of an Alimak raise climber, each raise would take at least one month to mine, and by conventional raise mining, including resuing, these would take much longer.

16.3 Geotechnical Observations

In the historical Mina Santa Elena, an unreferenced geomechanics study indicates that wall rock quality adjacent to the Veta 12 de Mayo was “regular” and did not require extensive support, whereas “poor” wall rock quality was seen in relation to Veta Española 1 which required continuous support. These descriptions broadly correlate with the rock mass classification (rock mass rating or RMR) adopted by Bienawski (1989) and as summarised in Table 16-1.

Table 16-1. Rock Mass Rating (RMR) after Bienawski (1989).

RMR	DESCRIPTION	AVERAGE “STAND UP” TIME
0-20	Very Poor	0.05 to 10 minutes
21-40	Poor	15 minutes to 5 hours
41-60	Regular	1 week to 3 months
61-80	Good	4 months to 6 months
81-100	Very Good	> 5 months

Following these observations, minerals from some of the principal vein intersections made during the 2021 Phase 1 drilling campaign, were examined to add further indications as to the overall ground conditions to be expected if mining is resumed at the Bethania Mine. These confirmed that the RMR descriptions ranging “regular” to “poor”, were seen throughout the main mineralized intersections, and in at least one case the description would be “very poor”. Some examples of the drill core examined are shown in Figure 16-6 (Photos 16-10 and 16-11).

Figure 16-6. Photos 16-10 and 16-11 showing some mineral intercepts for Veta Española. Photo 16-10: Kuya DDH-24: 102.25m to 109.55m Veta Española and altered wall rocks. left-hand 4 m section = footwall-rock rated as “poor”, central 4 m section = broken banded quartz-sulphide veining, right-hand 4 m section = hanging-wall rock rated as “regular”. Photo 16-11: Kuya DDH-02: 201.90 m to 205.2m (end of hole) and the Veta Española. The hanging-wall rock 201.90 m up to the vein intersection is rated as “very poor”. Note: The highly fractured mineral inspected may not be representative of the original rock conditions recovered. Core conditions will have changed during logging and sample cutting, and much movement will have taken place during the 12-hour removal to Kuya’s mineral storage facility in Lima (source: Victor Vargas, Ing.).

The support of regular to poor wall rock conditions in the Bethania Mine was dominated by close eucalyptus timber support as indicated in Figure 16-7 (Photos 16-6 to 16-9), and where most support comprised square sets at 0.5 m to 2.4 m spacing which was shown to be lagged behind by timber boards and with any gaps behind the boards being filled with waste timber (as in the mine entrances), and rock and clayey material within the mine, in order to resist ground movement.

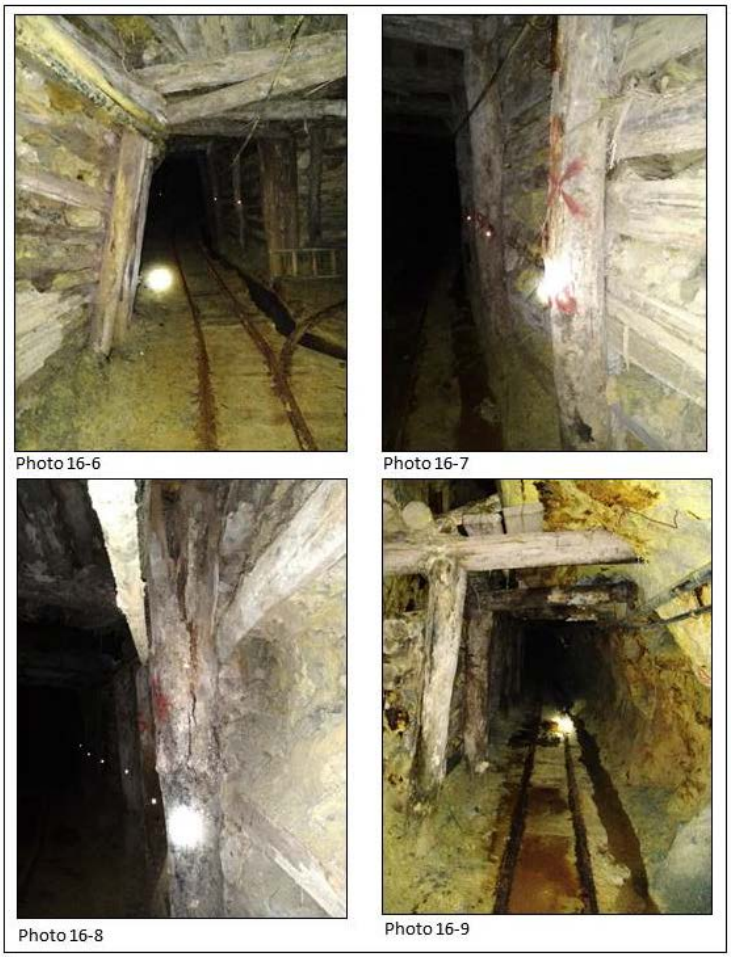


Figure 16-7. Photos 16-6 to 16-9 showing the timber support method used in the Bethania Mine. Photo 16-6: Timber leg taking weight; Photo 16-7: Timber support taking weight; Photo 16-8: Timber rotting & cracked; Photo 16-9: Inadequate support (source: Victor Vargas, Ing.)

16.4 Mine Planning

Review of the historical mine development advances during 2011-2016 (Table 16-2) indicates that a total of 9,913 m of development, preparation and exploration advances were necessary to start up and maintain production during that period.

Table 16-2. Recorded Mina Santa Elena Mine (Bethania Mine) development advances 2011-2016.

DEVELOPMENT CATEGORY	2011	2012	2013	2014	2015	2016	2011-2016
Development (m)	414	700	922	1343	637	194	4210
Preparation (m)	321	114	1009	756	474		2675
Exploration (m)	45	676	1324	915	69		3028
Rehabilitation (m)	82						82

Given the total 115,107 tonnes of mineral mined and selected during this period, this comprises a very low yield of 11.6 tonnes of mineral mined per metre of development advance.

Review of the primary development, raising and stope development plan developed in 2016 shows more than 70 stope raises, the development time of which would continually stall production and was one of the obvious factors that contributed to the decision to cease production in 2016. Considering the information reviewed, a productive mining method needs to be designed and adopted, and one that solves the problem of mine productivity.

The timber support method was favoured over the use of steel arches as steel arches were shown to rot out too quickly due to the acidity of the mine water. This factor will have to be considered when designing alternative ground support, including the use of shotcrete.

17.0 RECOVERY METHODS

Successful toll processing carried out on the Mina Santa Elena (now Bethania Mine) during the period 2013-2016 confirms the high value silver-rich polymetallic content of this mineral source, and that good recovery after differential flotation of the high value silver is reporting to Pb-concentrates, and most of the remaining silver is reporting to Zn-concentrates.

The principal Pb and Zn minerals comprise galena and sphalerite respectively, and galena can be expected to carry much of the silver. Although no mineralogical studies have yet been carried out to determine the full range of silver and polymetallic minerals in the Bethania Mine veins, the few As, Sb, Cu and Au assays reported, indicate that from the Ag and As content, some of the silver is present in silver sulfosalts proustite and pyrargyrite, that Cu is probably associated with tetrahedrite, bournonite and other Cu-sulfosalts within which silver might be present, and where Au is present this may be associated with Antimonite, occurring as native gold, or in the lattice of Cu-sulphides.

All these mineral associations are common throughout the Ag-Pb-Zn-Cu deposits of central Peru, and where the metallurgy and recovery processes are fully understood. Typically, the recovery of Au in concentrates may receive a sales credit. However, the presence of As, Sb and possibly Bi (not analysed) may incur payment penalties when over certain limits.

Although past production records at Mina Santa Elena (Bethania Mine) indicate that saleable Pb and Zn concentrate grades can be produced, no metallurgical processing or testwork has yet been undertaken to determine whether a saleable Cu concentrate can be produced.

17.1 Preliminary Proposed Concentrator Design and Siting

Prior to Kuya taking over the Bethania Silver Project, Buenaventura Ingenieros SA (“BISA”) were contracted to carry out the basic design and siting of a process plant and concentrator. The resulting plant design was included in the permitting process to approve the process plant siting and general layout. BISA is a Peruvian engineering consulting and project management company with more than four decades of experience in the National and International market serving the mining, industry, and infrastructure sectors.

Basic engineering took place between September 2019 and March 2020, with environmental permitting granted in August 2020, and more detailed engineering, which is ongoing, beginning in January 2021.

Design work assumed approximate head grades for Pb (3% to 4%), Zn (3%), Ag (10 to 15 ounces per tonne).

The concentrator plant (Planta Bethania) is designed to handle:

- the reception of mineralized rock to 180mm sizing,
- primary crushing to 100mm, and secondary crushing to 10mm sizing,

- grinding and classification of the concentration feed, and
- flash, bulk, differential, and cleaner flotation of Pb and Zn concentrates, and the possible inclusion of Cu concentration if this is determined as being cost-effective.

A 3-D view of the process plant and concentrator is shown in Figure 17-1. The location of the permitted plant and associated infrastructure (also described as Area 2) are provided in Figure 18-1 (*see* Section 18). The proposed plant location takes advantage of the topography and minimises the footprint in order to reduce earthmoving, as well as providing operational advantages considering its location corresponding to the rest of the onsite facilities.

Figure 17-1. 3D view of process plant design looking north (source: BISA, 2021).

The currently envisaged process plant has a design capacity of 350 tpd being the maximum throughput permitted when registered with MEM as a "small producer", Kuya has since lost its small producer status (*see* Section 20).

Mr. Gerardo Acuña Perez notes that the process design is not yet supported by current mineral resources or mineral reserves as defined by NI 43-101. It should also be noted that at current design capacity, this is an overall maximum tonnage of 122,500 tonnes per year if operated for 350 days per year. This is not much less than the total recorded production for the period 1977-2016 when operating the mine with a mining method that had such a low production rate.

This is why the mining method needs to be reviewed and updated in terms of the development designs and stoping method in order to maximize underground production, and why the necessary mineral sorting previously carried out in the underground mining, now needs to be made much more efficient. A 3-D view

of the permitted process plant and concentrator is shown in Figure 17-1 and Figure 17-2 shows an elevation profile of the preliminary proposed process plant.

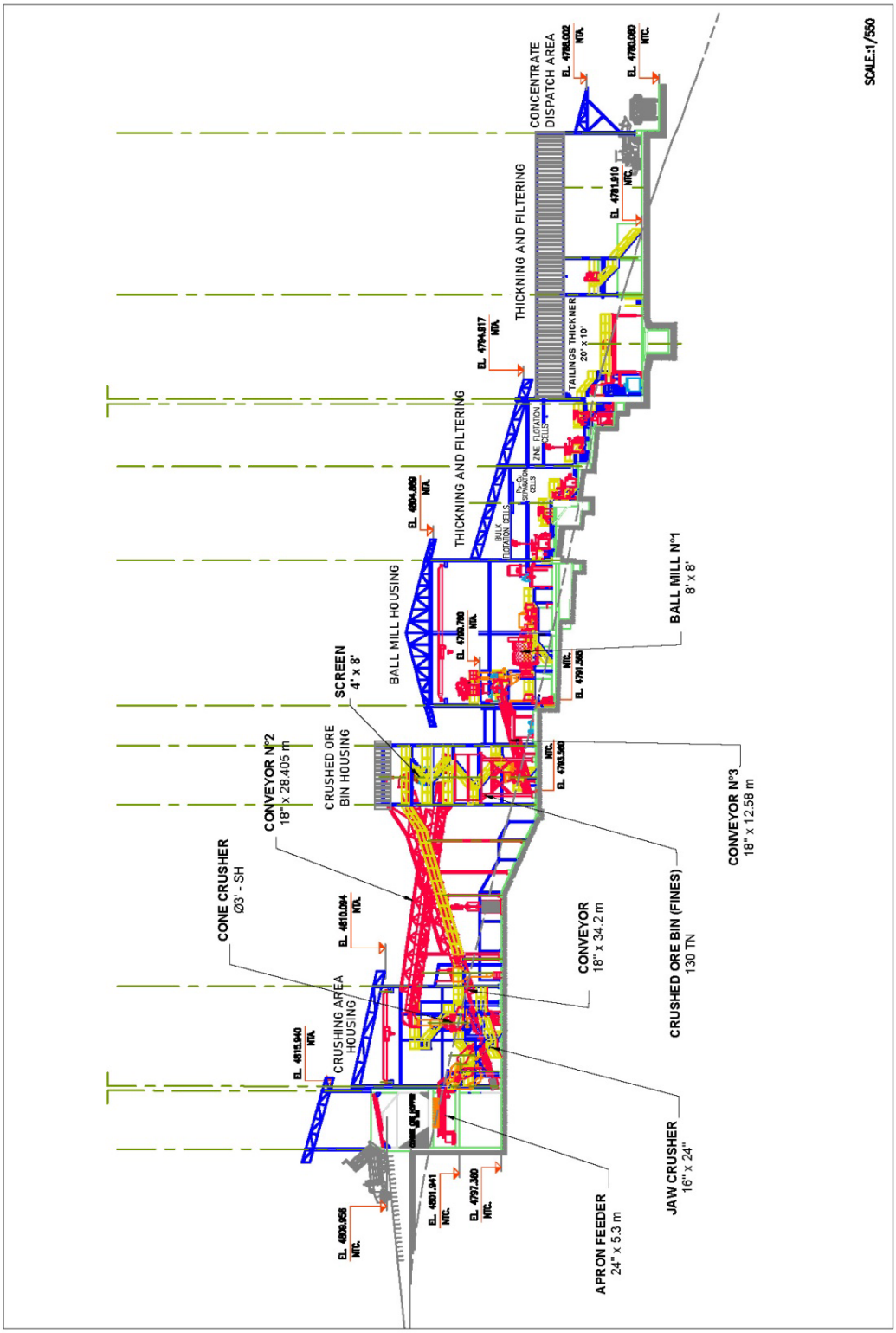


Figure 17-2: Elevation profile of the preliminary proposed process plant (source: BISA, 2021).

18.0 PROJECT INFRASTRUCTURE

Before S&L Andes Export (now Kuya) started historical operations, the company was owned by SANSIL S.R.L. who developed the mining operations and built most of the existing infrastructure and existing waste dumps. To date, Kuya's involvement in the Property has been to advance exploration activities and the development of property-wide environmental permits in order to fast-track the Property, thus reducing the time span between permit approval and the restart of operations.

The infrastructure (existing and proposed) has been permitted using two separate environmental instruments; (1) an Environmental Impact Declaration ("DIA") and modifications which has been used to obtain the construction and operation license to permit the mining operation (existing underground mine and associated infrastructure); and, (2) an semi detailed Environmental Impact Assessment which has been used to permit a process plant, tailings storage facility ("TSF") and associated infrastructure. The timeline and current status of the above-mentioned environmental instruments is detailed in Section 20.

The underground mine and associated infrastructure (Santa Elena concession) are located separate to the location approved for the process plant and TSF (Bethania Plant Beneficiation Concession) as shown in Figure 18-1. For the purpose of the Report, the underground mine and associated infrastructure are referenced as "Area 1" (approved DIA and modifications – Santa Elena concession) and the process plant, TSF and associated infrastructure is referenced as "Area 2" (approved EIAsd – Bethania Plant Beneficiation Concession), and with "project infrastructure" referring to the combined Area 1 and Area 2.

Note that the Beneficiation Concession area has been approved within the EIAsd but has yet to be officially registered by the MEM, this is in process.

Note that layout and engineering work done to date was undertaken to support the permitting process. Kuya took a strategic decision in selecting a 350 tpd process capacity when they started the permitting process as this was the maximum allowable tonnage permissible for a small mining producer (PPM) which Kuya was when they applied for the EIAsd. The work done to date has not been supported by current mineral resources or mineral reserves as defined by NI 43-101. Some studies, plans and technical assumptions used for engineering and layout design during the permitting process will need updating as the level of confidence in technical studies increases (primarily a NI 43-101 mineral resource estimate, mine planning and design, reserve estimate and metallurgical testwork).

Minor adjustments to the existing permitted designs can be made through the existing environmental instruments as long as they do not generate greater environmental impact than those already permitted (*see* Section 20).

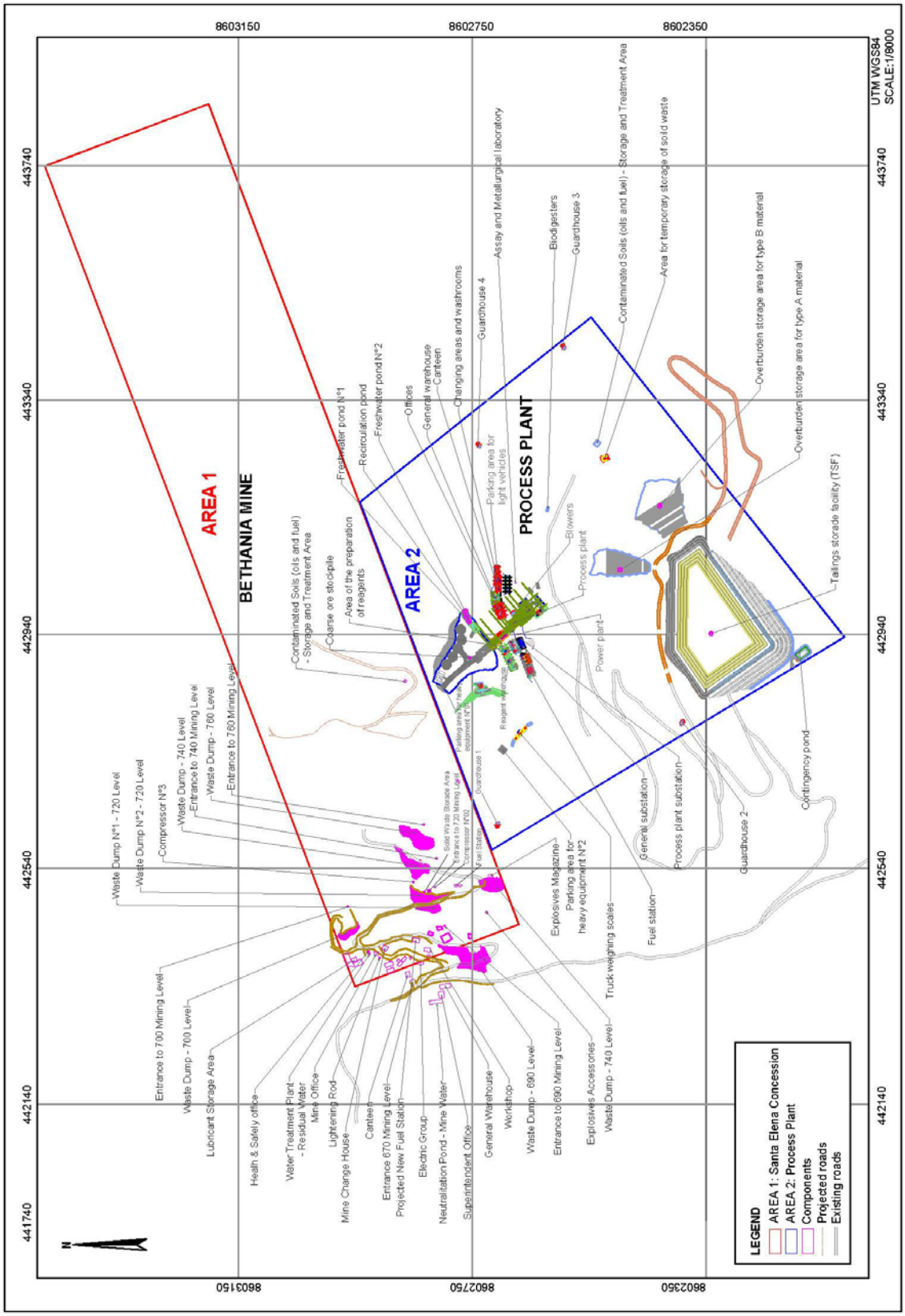


Figure 18-1. Location map showing Area 1 - Saint Elena Mining Concession, and Area 2 – Plant Beneficiation Concession.

18.1 Area 1 - Existing & Proposed Mine Infrastructure

The existing mine area of the Property has a relatively small surface footprint, most of which is located within the western quadrant of the Santa Elena mining concession as shown in Figure 18-2. The infrastructure comprises:

- Dirt roads of varying conditions connect mining levels, waste dumps and fixed infrastructure.
- Mine entrances for levels 760, 740, 720, 700, 690 and 670.
- Waste dumps on levels 760, 740 (2 separate dumps), 720 (2 separate dumps), 700 and 690.
- Explosive magazine and a separate area for storing of blasting accessories.
- Generator group (500 KWH capacity).
- Two areas for compressors sited to support ventilation and drilling.
- Fuel storage tank with fuel distribution system.
- Solid waste storage area, lubricant storage area, general workshop and general warehouse.
- Offices, health and safety, mine planning, mine change house, lunch room and superintendent office.
- Water neutralization pond to treat acid water drainage.

The above-mentioned infrastructure is what the mine required for historic mining, with the final product toll treated in various offsite process plants.

A modification to the existing environmental instrument (DIA) has been lodged with the relevant local authorities (DREM – Huancavelica) to approve the following changes to the infrastructure:

- New fuel station project: storage and distribution area.
- Water treatment plant for residual water.
- Contaminated soils (oils, fuel) storage area.

In addition to the mine infrastructure, Kuya also occupies a house within the town of Bethania. This house was used to support the 2021 exploration activities and will continue to be used until all new project infrastructure has been put in place or to October 2023 when the current agreement runs out. This is not considered as project infrastructure as it is situated in the town of Bethania.

Approval of the modified DIA will provide Kuya with the means to start rehabilitation of the underground workings and changes to surface infrastructure.

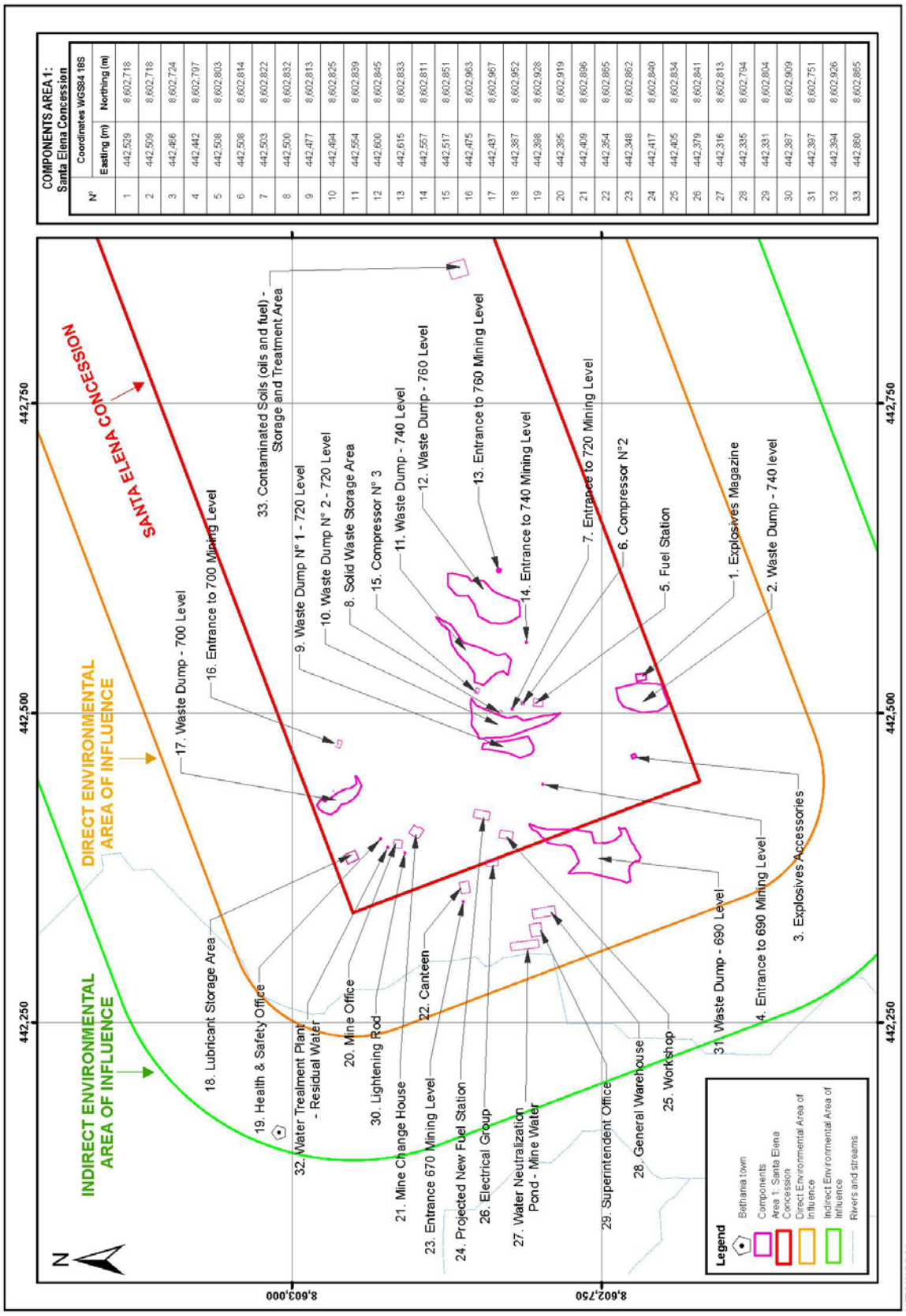


Figure 18-2. Location and proposed location (DIA modification) of Area 1 infrastructure.

Most of the existing buildings will require modification or replacing. Considering this, a gap analysis was undertaken by Mining Plus in June 2021. In addition, engineering design of the Bethania Mine was started in January 2021, although further studies are pending which include rehabilitation of the existing mine infrastructure as well as completing a new geological model and associated resource estimate.

The existing mine infrastructure in Area 1 along with proposed new infrastructure components are shown in Figure 18-2.

The following sub-sections provide a general description of the existing infrastructure and modifications under approval through the DIA instrument.

18.1.1 Roads & Drainage

Facilities at the Bethania Mine are connected via unpaved roads that are being maintained by Kuya under care and maintenance conditions. Roads have been constructed considering a width of 4.0 metres. When the Property was in operation, water was applied to the roads during the dry season to reduce dust pollution. Kuya staff indicated that this practice is not required permanently due to current reduced activities.

The control of runoff water is managed through a network of ditches (alongside roads) crowning channels and culverts.

18.1.2 Mine Accesses and Underground Development

The six mine accesses and underground workings need to be rehabilitated. Section 16, Mining Methods, describes how the mineral was mined historically and provides general description of existing condition.

18.1.3 Mine Waste dumps

The Property currently has seven waste dumps that were used historically to store waste rock generated through development of the mine. Kuya plan to store the majority of any new waste rock as backfill within the underground mine workings to reduce the amount to be stored on surface. Waste rock material that needs to be brought to surface will be incorporated into the existing waste dumps.

The mine waste dumps currently show physical and chemical stability. Kuya's plan to store waste underground in future mining will require further studies to support.

18.1.4 Explosives Magazine and Accessories

The Property has an explosive magazine and a store for explosive accessories (both currently not in use but in good status) which supported previous production. Due to changes in current regulations, both of these structures will require relocation. This was not considered in the modified DIA application. A further update to the DIA will be required to include this new modification.

18.1.5 Mine Power and Distribution

Kuya manage the onsite power supply via two Diesel Generator Sets with 125 kW (CAT D343125kW) and 154 kW (Xylene) capacity. The Xylene 154 kW Diesel Generator set has a switchboard located next to the mine access level. The CAT D343125 kW diesel generator set supplies the energy demand of the Bethania community and the house that it rents in the town.

The mine has a secondary reserve power supply generator station which also operates at 154 kW. The reserve generator is used in case of power failure in the primary generator and/or when maintenance to the primary generator is required.

18.1.6 Compressors

Two separate sites exist for compressors (Diesel Compressors Atlas Copco XAMS 160Dd with capacity of 850 CFM and Diesel Compressor Ingersoll Rand with a capacity of 750 CFM, size is 4.4x1.7x1.6 m). Location of the compressors can be seen in Figure 18-2.

18.1.7 Fuel Storage Tank and Distribution

One area (16 m^2) exists for fuel storage and distribution. The fuel storage area is for diesel fuel only and has a capacity to store 900 litres of fuel. This was sufficient for the historic operation.

A new fuel storage area is included in the modified DIA. The new fuel storage and distribution area will have the same capacity as the original.

18.1.8 Storage Areas, Workshops and Warehouses

Storage areas exist for the stowing of solid waste and lubricants. The solid waste storage area is located below the entrance to the 720 mining level and comprises an area of approximately 272 square metres.

Lubricants are stored in a galvanized structure located beside the mine office. The lubricant storage infrastructure covers an area of 73 square metres.

The general workshop has been constructed using drywall and is centrally located, it covers an area of 136 square metres.

The general warehouse is a galvanized structure situated beside the mine superintendent office. It covers an area of 48 square metres.

18.1.9 Offices, Changing Rooms and Canteen

The following infrastructure exists to manage and provide mining services for the mine:

- Health and safety office, area of 27 m^2, galvanized construction with galvanized roof.

- General mine office, area of 43 m^2, galvanized construction with galvanized roof.
- Mine superintendent office, area of 95 m^2, galvanized construction with galvanized roof.
- Mine change house, area of 74 m^2, galvanized construction with galvanized roof.
- Lunchroom, area of 68 m^2, galvanized construction with galvanized roof.

18.1.10 Water Storage and Water Treatment

The DIA modification incorporated a water treatment plant considering a flow of 4 litres per second that comes from various mine level accesses. The process proposed in the modified DIA consists of a convergence and conditioning structure through which lime slurry and chlorine is injected to modify the water pH, this is followed by adding flocculant reagent to aid in the settlement of sediments. The water will then pass to a settling tank where the sludge is separated from the clarified water. The sludge is then passed to a platform to dry before been stored in containers, before final disposal by a licensed contractor. The clarified water continues to a second filtering process to remove any remaining sediment. The water that exists the second filtering process continues to the treated water pool and discharge.

18.1.11 Contaminated Soils (oils, fuel) Storage Area

The DIA modification incorporated an area (225 m^2) for the storage and treatment of soils contaminated with hydrocarbons with the objective of reducing the overall hydrocarbon concentration to less than 1000 parts per million.

18.1.12 Conclusion - Mine Infrastructure

With approval of the modified DIA, Kuya will be able to initiate the rehabilitation of the underground workings. A further modification of the DIA will be required to move the explosives magazine and accessories as the current location is no longer permitted under new legislation (too close to other infrastructure).

Kuya will evaluate what other modifications are required as it progresses with detailed engineering (post resource and reserve estimation). The objective is to incorporate all possible changes into a new DIA modification and for this purpose Kuya undertook a Gap analysis review with Mining Plus in June 2021.

18.2 Area 2 – Beneficiation Concession - Layout Design and Engineering

Various consulting companies developed the project layout and engineering designs needed to support the siting of a process plant, TSF and supporting infrastructure for permitting purposes, these included:

- Process Plant: Conceptual Engineering - SICG SAC (2019 to present).
- TSF Design “E2E” – DICAT (December 2019 to present).
- Water Plant Engineering – Oceans and Rivers (August 2020 to April 2021).
- Geotechnical Study: TSF, Concentrator Plant, Water Treatment Plant and Roads – Sotelo & Asociados in (September to October 2020).

- Process Plant – BISA Ingeniería de Proyectos S.A (January 2021 to present).

The general components of the process plant and TSF approved in the EIAsd consists of the following:

- Process plant.
- Tailings Storage Facility (TSF).
- Access road and connecting road network.
- Coarse mineralized rock stockpile.
- Overburden storage areas.
- Freshwater ponds (two), recirculation pond and contingency pond.
- Power plant, process plant sub-station, general substation.

No infrastructure exists in the area for the proposed process plant apart from 2.0 km of dirt roads that pass through the general area. Figure 18-3 shows the EIAsd approved location of Area 2 infrastructure.

18.2.1 Process Plant

The approved area for the process plant consists of an area of 3,148 m^2 and includes primary and secondary crushing, milling, and classifying, differential Pb, Zn and Cu flotation, a gravity circuit, filtration and tailings thickening.

The preliminary proposed concentrator design and siting is discussed in Section 17, Recovery Methods.

18.2.2 Tailings Storage Facility - TSF

The TSF is currently designed to occupy an area of approximately 45,240 m^2 which can be built in two stage lifts and will be lined with 1.5 mm HDPE geomembrane. The first stage of construction will comprise constructing the dike to 4681 m AMSL. The borrow material will come from waste rock stripped from the TSF construction area.

The first stage of construction should provide enough storage volume (281,792 m^3) for approximately 5.5 years of tailings capacity with the second stage providing an additional 3.5 years of tailings capacity (assuming processing of 350 tpd).

Figure 18-4 shows the general area where it is proposed to construct the TSF and Figure 18-5 shows the basic design cross section.

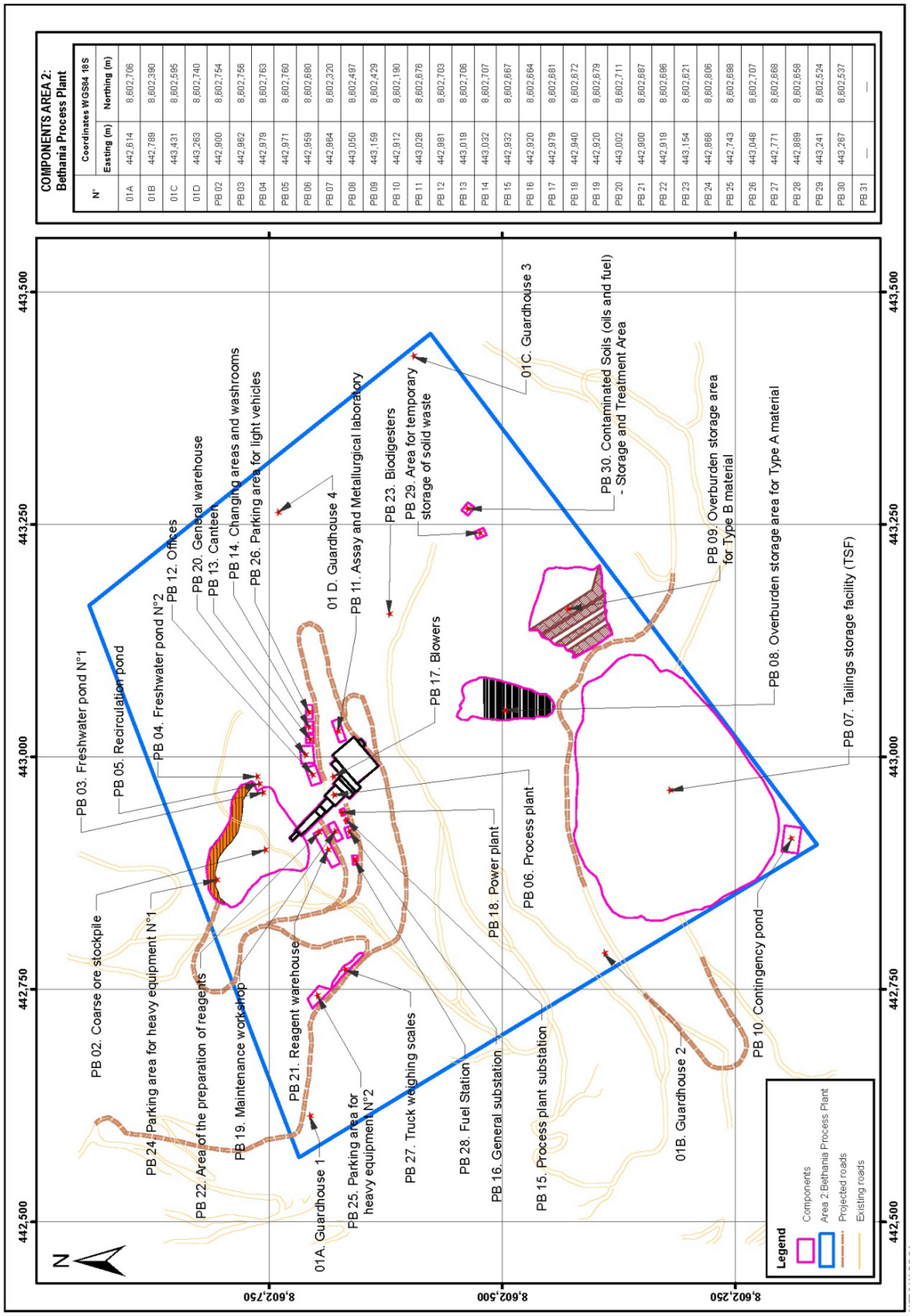


Figure 18-3. The EIAsd approved location of Area 2 infrastructure.

Figure 18-4. Photo of the Tailings Storage Facility proposed site, looking northeast (source: Kuya Silver, 2021).

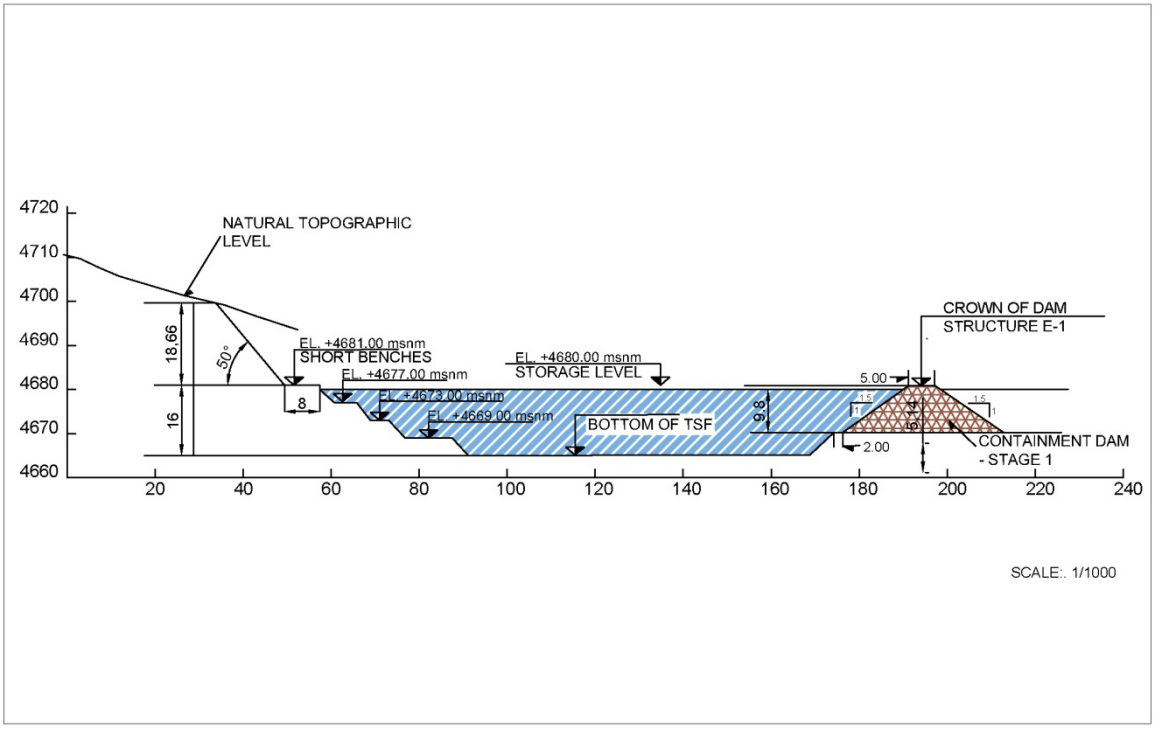


Figure 18-5. First Stage Design of the tailings dam (source: DICAT, 2021).

18.2.3 Support Infrastructure

The support infrastructure as shown in the EIAsd layout is properly distributed and supports the overall design adequately. The supporting infrastructure consists of:

- Electrical mechanical workshop.
- General warehouse, reagent warehouse, area for preparation of reagents.

- Blowers.
- Biodigestors.
- Parking areas for heavy equipment (two), parking areas for light vehicles.
- Truck weighing scales.
- Fuel station.
- Area for temporary storage of solid waste.
- Contaminated soils (fuel and oil) storage and treatment area.
- Assay and metallurgical laboratory.
- Guardhouses (four), offices, canteen, changing areas and washrooms.

18.2.4 Conclusion Process Plant and TSF Infrastructure

The layout and engineering work done to date was undertaken to support the permitting process. Kuya took a strategic decision in selecting a 350 tpd process capacity when they started the permitting process as this was the maximum allowable tonnage permittable for a small mining producer, which Kuya was when they applied for the EIAsd. Kuya also took the strategic decision to initially do more technical and design work than what would normally be required for an EIAsd submission. The objective of this was to cut the transition time from basic to detailed engineering and reduce potential layout changes.

Although a maiden mineral resource estimate has been completed, work to date around infrastructure and planning is not yet supported by current mineral reserves as defined by NI 43-101. Some of the studies, plans and technical assumptions used for engineering and layout design of the process plant and TSF may change as further mineral resource estimates, mine planning studies, mineral reserve estimates, and metallurgical information becomes available.

From a permitting perspective, having an initial design and approved Beneficiation Concession area, lends well for receiving approval for future environmental instrument modifications which do not contain a greater environmental impact than those already permitted.

19.0 MARKET STUDIES AND CONTRACTS

Although no supporting market studies have yet been carried out, it is relevant to state that the marketing of Pb concentrates carrying high grade silver would be expected to attract competitive bids from various traders that operate in Peru. Any contracts for the sale of Zn concentrates carrying much lower grade silver would normally be linked to the sale of Pb concentrates in order to ensure sale.

The current low Cu content of the mineralization indicates that further metallurgical studies would be required to demonstrate how much silver might be recovered by copper flotation, and to determine whether a saleable copper concentrate can be achieved.

It is important to note that due to the high-grade silver mineralization, the historical Mina Santa Elena has been successfully worked for various production periods since 1977, and it is the potential for continuing high-grade silver mineralization that is driving the Project's current exploration program, parallel mine design studies, and environmental permitting.

If the recoveries shown in Table 19-1 are tabulated with historic production, then this provides a reference for current day value for the historically mined mineral (Table 19-2).

Table 19-1. Current 2021 average metal prices along with projected plant recoveries.

2021 Average Metal Price		Projected Plant Recovery	
Ag	US$/oz	26	89%
Pb	US$/t	2000	90%
Zn	US$/t	2800	75%

Table 19-2. Current day value (US$/t) of historical production using 2021 average metal prices and projected recoveries.

	Total Historical Production 1977-2016	Historical Resources 2016
Tonnes	115,107	328,238
oz Ag/t	15.93	15.95
% Pb	4.5	4.44
% Zn	2.53	2.5
US$/t	**502.75**	**501.5**

These preliminary mineral values do not include potential credits for the Au content, or deductions for possible As, Sb and Bi content. In contrast, many Peruvian Ag producing mines are currently mining mineral with much lower Ag grades and mineral values between US$120 and US$180 per tonne.

20.0 ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT

20.1 Introduction

As per Section 18 (Infrastructure), the underground mine and associated infrastructure (Santa Elena concession) are located separate to the location approved for the process plant and TSF (Bethania Plant Beneficiation Concession), as shown in Figure 18-1. For the purpose of the Report the underground mine and associated infrastructure is referenced as Area 1 (approved DIA and modifications – Santa Elena concession) and the process plant, TSF and associated infrastructure is referenced as Area 2 (approved EIAsd – Bethania Plant Beneficiation Concession), and project infrastructure refers to the combined Area 1 and Area 2.

Kuya provided digital copies of environmental and technical studies that were commissioned to support project permitting. Kuya also provided digital copies of the different resolutions issued by the local regional government of Huancavelica which approves through regional entities of the MEM, ANA, MC and others the different environmental studies and issuance of project specific permits for mining operations of <350 tpd (PPM). As a result of the acquisition by Kuya, the mine no longer qualifies as a PPM as of 5 May 2021 (*see* Section 4.0) and in the future will be regulated under the General Mining Regime. All permitting processes started before 5 May 2021 can conclude using the local regional government of Huancavelica and those that follow will be processed through the General Mining Regime.

20.2 Historical Background

The earliest history of the Bethania Mine comes from verbal communication with the local community who state that the silver veins in the region and on the Property (*e.g.*, Española Vein) were first exploited by the Spaniards as early as the 1600s, through small-scale mining. Modern exploitation of the vein systems (Veta Española and Veta 12 de Mayo) started in 1977. Mining was temporarily suspended in the 1980s due to political issues in Peru (*i.e.*, terrorism) and subsequently re-started in 2008, continuing until mid-2016. Mineral was toll treated in third-party process plants and no process or tailings facility were ever constructed on site.

20.3 Environmental & Permitting Requirements – Legal Framework Overview

The development of economic activities in the Peruvian territory, such as those related to the mining industry, is subject to a broad range of general environmental laws and regulations, such as:

- The General Environmental Law, enacted by Law N° 28611.
- The Organic Law for the Sustainable Exploitation of Natural Resources, enacted by Law N° 26821.
- The Law on the National System of Environmental Impact Assessment, enacted by Law N° 27446 and its Regulations, approved by Supreme Decree N° 019-2009-MINAM.

- The Environmental Quality Standards for Water, approved by Supreme Decree N° 004-2017-MINAM.
- The Environmental Quality Standards for Air, approved by Supreme Decree N° 003-2017-MINAM.
- The Environmental Quality Standards for Soil, approved by Supreme Decree N° 011-2017-MINAM.
- The Environmental Quality Standards for Noise, approved by Supreme Decree N° 085-2003-PCM.
- The General Law on Solid Wastes, enacted by Legislative Decree N° 1278 and its Regulations approved by Supreme Decree N° 014-2017-MINAM, among others. Additionally, the environmental aspects of the mining industry are specifically governed by Supreme Decree N° 040-2014-EM and Supreme Decree N° 042-2017-EM.

These environmental laws and regulations govern, inter alia, the generation, storage, handling, use, disposal and transportation of hazardous materials; the emission and discharge of hazardous materials into the ground, air or water; and the protection of migratory birds and endangered and threatened species and plants. They also set environmental quality standards for noise, water, air and soil, which are considered for the preparation, assessment and approval of any environmental management instrument.

The main Regulatory Entities that enforce the general environmental laws and regulations are summarized in the following sub-sections. A summary of the required permits for the Beneficiation Concession (Planta Bethania) and the Operating Concession (Santa Elena) is provided in Table 20-1 and Table 20-2, respectively.

20.3.1 Ministry of Energy and Mines and General Mining Directorate

The General Mining Directorate (DGAMM) is a line unit of the Ministry of Energy and Mines, dependent on the Office of the Vice Minister of Mines. The DGAAM is the competent authority for the approval of mining plans and authorizations to start development, preparation, and subsequent exploitation activities, which allow for the construction and subsequent exploitation of a deposit to be carried out. Similarly, the granting of Mining Operation Certificates is also the responsibility of this authority.

Additionally, the DGAAM also has jurisdiction over beneficiation concessions. It authorizes the operation of leaching and concentration plants and subsequently, after the respective field inspections, authorizes their operation.

The Ministry of Energy and Mines, through the General Directorate of Mining Environmental Affairs, used to be the authority responsible for the evaluation and approval of the Environmental Management Instruments (that is, the Detailed or Semi-Detailed Environmental Impact Studies, EIAD and EIAsd) or their respective amendments. The DGAAM is the competent authority in the approval of the Mine Closure Plan and its updates and modifications.

Table 20-1. Summary of the required permits for the Beneficiation Concession (Part I).

	Type of Permit	Description	Approval Authority	Approval Document	Period	Issuance Date
	Environmental Permits and Social Agreements					
Beneficiation Concession "Planta Bethania" (Process Plan and Tailings Dam)	EIAsd - Semi detailed Environmental Impact Study	Approval of the necessary terms of reference for the development of EIAsd "Planta Bethania"	DREM - Huancavelica	Regional Directorial Resolution N° 005–2019/GOB–REG–HVCA/GRDE –DREM	Indefinite	January 31, 2019
		Approval of tailings dam installation of Beneficiation plant and associated infrastructure which includes chemical and metallurgical testing laboratory, offices, dining area, machine room, heavy and light vehicle parking areas, changing rooms and restrooms, security controls, general storehouse, reagent and solid waste material storage areas, reagent preparation area, electrical and mechanical workshops, general substation and substation for process plant, blowers, fuel storage and distribution area, water tanks, recirculated water and overflow contingency, designated storage for type A and B material areas, RoM thick stockpile and volatilization pad.	DREM - Huancavelica	Directorial Resolution N° 032-0200/GOB.REG.HVCA/GRDE/DREM	Indefinite	August 21, 2020
	Closing Plan of Beneficiation Concession Plant "Planta Bethania"	As stipulated by the Supreme Decree 033-2005-EM, the mining titleholder who is in operation or developing the start of new mining operations is required to present a mine closure plan which groups technical and legal actions to rehabilitate areas disturbed by mining activity at a feasibility level. In case of Toro de Plata, preliminary meetings with the consulting company have already began to present the plan to the authority.	DREM - Huancavelica	In Process	In Process	In Process
	Certificate of Absence of Archaeological Remains (CIRA)	The Decentralized Direction of Huancavelica Culture / Ministry of Culture (DDCHUV / MC by the Spanish acronym) issued a CIRA (Certificate of Absence of Archaeological Remains) pointing out that archaeological remains within the undisturbed area of Planta Bethania Project were not found. Which includes the components established in the EIAsd such as the plant, tailings dam deposit and associated infrastructure previously approved by Directorial Resolution N° 032-0200 / GOB.REG.HVCA / GRDE / DREM.	DDCHUV/MC - Huancavelica	CIRA N° 155–2020–DDCHUV/MC	Indefinite	December 7, 2020

Table 20-1. Summary of the required permits for the Beneficiation Concession (Part II).

	Type of Permit	Description	Approval Authority	Approval Document	Period	Issuance Date
	Environmental Permits and Social Agreements					
Beneficiation Concession "Planta Bethania" (Process Plan and Tailings Dam)	Archaeological Monitoring Plan (PMA)	The Decentralized Direction of Huancavelica Culture / Ministry of Culture (DDCHUV / MC by the Spanish acronym) is currently evaluating the File Nº 67709-2021 through which the authority will issue the corresponding certification of the absence of archaeological remains on the disturbed areas of the Project that are not included within the approved CIRA.	DDCHUV/MC - Huancavelica	In Evaluation	Indefinite	July 28, 2021
	Beneficiation Concession Planta Bethania (Construction License and Operation Authorization)	Creation of the beneficiation concession and the authorization to start the construction of the Concentrator Plant. On December 14 of 2020, Minera Toro de Plata submitted the File N° 373 before the Ministry of Energy and Mines (MEM by the Spanish acronym) requesting the granting of the beneficiation concession and the authorization to start the construction activities of processing plant, tailings dam deposit and associated infrastructure (Planta Bethania). Minera Toro de Plata is waiting for the response of MEM.	DREM - Huancavelica	In Process	In Process	In Process
	Superficial Property Agreement	Surface and Easement Usufruct Agreement recorded to Public Deed dated November 6 of 2013 by Comunidad Campesina de Poroche (Farming Community of Poroche) whereby the community gives to Minera Toro de Plata the usufruct right over the surface area in which the Plant will be developed, allowing the use and enjoyment of it for 6 years that would conclude on October 18 of 2019. On August 21 of 2019, the Addendum to the Usufruct Agreement with the Comunidad Campesina de Poroche (Farming Community of Poroche) is signed in order to modify the granted area and clarify the coordinates of the same. Likewise, authorizations over usufruct right are expanded and the term of validity is modified to perpetual.	Comunidad Campesina de Poroche (Farming Community of Poroche)	Public Deed granted before the Public Notary Marcial Ojeda Sanchez	Perpetual	November 6, 2013 and August 21 , 2019

Table 20-2. Summary of the required permits for the Operating Concession (Part I).

	Type of Permit	Description	Approval Authority	Approval Document	Period	Issuance Date
	Environmental Permits and Social Agreements					
Operating Concession Santa Elena	Environmental Impact Statement - DIA	Approval of the extractive process in Santa Elena Mining Project (called DIA in this report for the exploration and exploitation of “Santa Elena” project.)	DREM - Huancavelica	Regional Directorial Resolution N° 102-2009-DIA	Indefinite	November 3, 2009
		Modification or Update of the DIA (2009). DIA's updating objective was to determine, evaluate and mitigate the mining activities environmental impacts and update the company's environmental commitments. Obligations: Execution of environmental monitoring, presentation of annual solid waste declaration and Annual Solid Waste Plan. Compliance of social commitments and those established in the Mine Closure Plan (Term: 1 year).	DREM - Huancavelica	Regional Directorial Resolution N° 103-2017/GOB-REG-HVCA/GRDE-DREM	Environmental certification loses validity if within a maximum period of 3 years after its issuance the holder does not start works for the project execution, it can be extended up to 2 years	July 31, 2017
		Modification or Update of DIA (2017). DIA's updating objective is to determine, evaluate and mitigate the mining activities environmental impacts as well as to include how the company intends to manage, prevent, mitigate, control and monitor the mining operation. The new additions of components include the incorporation of a wastewater treatment plant (PTAR by its Spanish acronym) and a volatilization pad. Besides, the update of component coordinates from PSAD 56 to WGS 84.	DREM - Huancavelica	In Evaluation	In Evaluation	In Evaluation
		Supporting Technical Report (ITS by the Spanish acronym) of the Environmental Impact Statement (DIA-2009) and update of (DIA-2017) with which the mining exploitation project “Mina Santa Elena” has the objective of determine the mineral reserves through the implementation of 20 diamond drilling platforms with a total of 54 drills, fitting out of 40 settlement ponds, assembly of auxiliary facilities for logging activities and projected accesses.	DREM - Huancavelica	Regional Directorial Resolution N° 005-2021/GOB-REG-HVAC/GRDE-DREM	9 months	February 16, 2021

Table 20-2. Summary of the required permits for the Operating Concession (Part II).

	Type of Permit	Description	Approval Authority	Approval Document	Period	Issuance Date
	Environmental Permits and Social Agreements					
Operating Concession Santa Elena	Mine Closure Plan - Mining Exploitation Project "Mina Santa Elena"	As stipulated by the Supreme Decree 013-2002-EM, the small mining producer is required to present, for the temporary or definite closure of their work, a Closure Plan that will include the measures to be adopted to avoid adverse effects on the environment due to the effects of solid, liquid or gaseous waste that may emerge in the short, medium or long term. The Mine Closure Plan is presented within a maximum period of one year after the DIA is approved.	DREM - Huancavelica	Regional Directorial Resolution N° 107-2018/GOB-REG-HVCA/GRDE-DREM	Indefinite	December 5, 2018
	Permits related to the use of water for mining exploitation	The Local Water Administration of Huancavelica (ALA by the Spanish acronym) subsidiary of the National Water Authority (ANA by the Spanish acronym) approved the license of the use of water for mining purposes. With this license, Mina Santa Elena is authorized to use 0.10 l/s of water from Siete Gallos stream.	ALA - Huancavelica	Regional Administrative Resolution N° 056–2012–ANA–ALA–HUANCAVELICA	Indefinite	April 11, 2012
	Certificate of Absence of Archaeological Remains (CIRA)	The Decentralized Office of Culture of Huancavelica issued a CIRA (Certificate of Absence of Archaeological Remains) pointing out that archaeological remains were not found within the undisturbed influence area of the mining concession of Santa Elena, which was previously approved by Directorial Resolution	Decentralized Office of Culture of Huancavelica DDCHUV/MC	CIRA N° 004/DRC–HVCA–2010	Indefinite	November 2, 2010
		The DDCHUV / MC (The Decentralized Direction of Huancavelica Culture / Ministry of Culture) issued a CIRA (Certificate of Absence of Archaeological Remains) pointing out that archaeological remains were not found within the new undisturbed influence area identified in the modification of the Supporting Technical Report (ITS by the Spanish acronym) of DIA (2009) which was also modified for components in 2017.	Decentralized Office of Culture of Huancavelica DDCHUV/MC	CIRA N° 055–2021–DDCHUV/MC	Indefinite	March 3, 2021
	Archaeological Monitoring Plan (PMA)	On May 4 of 2021, Minera Toro de Plata requested an Archaeological Monitoring Plan (PMA by the Spanish acronym) approval presenting the file N° 2021–0036855 to the Decentralized Office of Culture of Huancavelica. The PMA with pre-existing infrastructure also monitors the process of earth removal for approved modifications in the Supporting Technical Report (ITS by the Spanish acronym) by Regional Directorial Resolution N° 005-2021 / GOB-REG-HVAC / GRDE-DREM, which is a modification of DIA (2009). On May 23 of 2021, the DDCHUV/MC issued observations to the file that required further explanation. On June 18, 2021, Minera Toro de Plata presents the acquittal of the observations made. The document presented is currently in evaluation process by DDCHUV/MC.	Decentralized Office of Culture of Huancavelica DDCHUV/MC	In Process	In Process	In Process

Table 20-2. Summary of the required permits for the Operating Concession (Part III).

	Type of Permit	Description	Approval Authority	Approval Document	Period	Issuance Date
	Environmental Permits and Social Agreements					
Operating Concession Santa Elena	Superficial Property Agreement	Surface and Easement Usufruct Agreement signed on July 23 of 2013 with Comunidad Campesina de Poroche (Farming Community of Poroche) for a term of 6 years. On October 26 of 2020 the fifth addendum to the aforementioned agreement is signed, extending the agreement term until August 31, 2022.	Comunidad Campesina de Poroche (Farming Community of Poroche)	Surface and Easement Usufruct Agreement	Until August 31, 2022	July 23, 2013
	Powder Magazine Permit (SUCAMEC)	On May 10 of this year, Legislative Decree N° 1500 was published, indicating the following: “Authorizations, permits, licenses and any other operating title that is temporarily valid, as well as environmental certifications which result necessary for implementation of public, private or public-private investment projects in public infrastructure or public services, whose validity culminates in December 31 of 2020, will remain valid for twelve (12) subsequent months to its expiration date”, exclusive provision to reactivate, improve and optimize the public, private and public-private projects execution. In this sense, validity of Toro de Plata permits was extended, currently we are in the technical file preparation for its next presentation to the authority.	SUCAMEC	In Process	In Process	In Process
	COM - Mina Santa Elena	The Regional Government of Huancavelica and the Regional Direction of Energy and Mines (GRED-DREM, by the Spanish acronym) approved the start of mining activities.	GRED-DREM - Huancavelica	Regional Directorial Resolution N° 040–2015/GOB–REG–HVCA/GRDE –DREM	3 years	July 3, 2015

20.3.2 Ministry of the Environment (MINAM)

The Ministry of the Environment (MINAM) created by Legislative Decree No. 1013, is the governing body of the Executive Power of the environmental sector, which develops, directs, supervises and executes the National Environmental Policy. In its capacity as a national environmental authority, it is the governing body of the Environmental Impact Assessment System, constitutes the normative technical authority at the national level, and as such dictates the rules and establishes the procedures related to the system. The competent sectoral authorities must submit the environmental studies that MINAM requires to the Ministry of the Environment, supporting the decision of approval or disapproval.

Despite the creation of MINAM as a new national environmental authority, the sectoral exercise of environmental functions established by the Framework Law for the Growth of Private Investment, Legislative Decree (DL) No. 757, modified by Law No. 26734, it is kept under the responsibility of the different sectoral authorities. In the specific case of mining activities, the sectorial environmental authority is the DGAAM of MINEM. This scenario has been partially modified with the creation of the National Environmental Certification Service (SENACE) through Law No. 29968 dated 20 December 2012.

20.3.3 National Environment Certification Service (SENACE)

The National Environmental Certification Agency (Servicio Nacional de Certificación Ambiental, SENACE) was created in 2012 through Law No. 29968 and is the competent authority for the approval of detailed Environmental Impact Assessments and their modifications (EIAd, mEIAd), as well as semi-detailed Environmental Impact Studies (EIAsd) and Supporting Technical Reports (ITS).

20.3.4 Other Authorities

In addition to the previously mentioned authorities, which exercise powers over the main activities that make up the Property, there are other competent governmental agencies with which the Property must also interact to satisfy the legal requirements for complementary activities. These include specific environmental matters such as water, forestry resources, the aquatic environment, and archaeology that regulate and supervise environmental compliance and liability.

The most important of these complementary governmental agencies are summarized in the following sub-sections.

20.3.4.1 National Water Authority (ANA)

The National Water Authority (Autoridad Nacional de Agua, ANA), attached to the Ministry of Agriculture (Ministerio de Agricultura, MINAG), is the governing body and highest regulatory technical authority of the National System for the Management of Water Resources. This authority, through the Water Administrative Authorities, is in charge of evaluating and granting permits related to water resources, in charge of approving water availability (either through a resolution or through a technical opinion as part of the evaluation of the environmental management instrument), authorize the construction of hydraulic

infrastructure, and the granting water use rights (such as permits, authorizations and licenses for water use).

The National Water Authority, through the Water Resources Quality Management Directorate, is also competent to grant authorizations for the discharge of treated industrial water.

20.3.4.2 General Directorate of Environmental Health (DIGESA)

Another important authority is the General Directorate of Environmental Health (Dirección General de Salud Ambiental, DIGESA) attached to the Ministry of Health (Ministerio de Salud, MINSA). This authority provides its Technical Opinion for the processing of requests for authorizations for the discharge and reuse of water before the National Water Authority.

DIGESA is also in charge of the issuance of sanitary authorization for establishments that manufacture, store, distribution of food and beverages for human consumption, as well as other sanitary permits.

20.3.4.3 Ministry of Culture (MINCUL)

The Directorate for the Qualification of Archaeological Interventions in the Ministry of Culture (Ministerio de Cultura, MINCULT) is required for authorizations related to the Archaeological Evaluation Projects and Archaeological Rescue Projects and the Decentralized Directorates of Culture, as appropriate and depending on the territorial scope of the interventions, to obtain the Certificates of Non-Existence of Archaeological Remains and Archaeological Monitoring Plans.

20.3.4.4 Environmental Assessment and Enforcement Agency (OEFA)

Another important authority on environmental matters is the Environmental Assessment and Enforcement Agency (Organismo de Evaluación y Fiscalización Ambiental, OEFA), which was created in 2008 by Legislative Decree No. 1013. This agency is in charge of environmental enforcement. Its objective is to ensure that there is an adequate balance between private investment in extractive activities and protection of the environment.

The OEFA has functions of (i) Evaluation, referring to the surveillance and monitoring of the quality of the environment and its components; (ii) Direct Supervision, referring to the field inspection of compliance with environmental obligations, being able to dictate preventive measures, specific mandates and requirements for updating the Environmental Management Instrument; (iii) Inspection and Sanction, through administrative sanctioning procedures that are intended to investigate the commission of possible infractions to environmental regulations and the imposition of sanctions, precautionary measures and corrective measures; and (iv) the function of applying incentives, through the Registry of Good Environmental Practices.

20.3.5 Environmental Management Instruments (Instrumentos de Gestión Ambiental, IGA)

In 1990, Peru implemented the first environmental regulations through the enactment of the "Environmental and Natural Resources Code". In 1993, MINEM issued the regulations for environmental protection in mining and metallurgical activities. Pursuant to said regulations, mining companies with active operations had to prepare and submit for evaluation an Environmental Adequacy & Management Plan (PAMA).

In addition, the regulations mandated that new operations and the expansion of existing ones required the approval on an Environmental Impact Assessment (EIA). In 2003 and 2005, the MINEM issued regulations mandating companies to prepare Mine Closure Plans (MCP) for their operations.

Based on current environmental regulations, the titleholder of a mining concession is liable for the emissions, effluents, wastewater discharges, solid wastes, noise, vibrations and any other environmental aspect related to its mining activity. Mining titleholders have to comply with maximum permissible limits (MPL) applicable to mining activities for which monitoring procedures need to be implemented. Also, Environmental Quality Standards (EQS) need to be considered in the structuring and preparation of the corresponding environmental instrument. A detailed description of Peru's environmental regulations is provided on the Ministry of Energy and Mines website.

No environmental permit is required for prospecting and sampling activities which do not involve the execution of drilling, such as mapping, ground geophysics and geotechnical studies.

In general terms the MINEM requires that mining titleholders prepare an Environmental Technical Report (Ficha Técnica Ambiental, FTA), an Environmental Impact Statement (DIA) – Category I, Semi Detailed Environmental Impact Study (EIAsd) – Category II, or a Detailed Environmental Impact Study (EIAd) – Category III, depending on the scope of activity that will be performed, such as exploration, exploitation, beneficiation, general works or transportation.

The following environmental management instruments are utilised depending on project stage:

Exploration Drilling Activities - drilling activities require the approval of an environmental permit. The MINEM evaluates and approves drilling environmental permit applications through DGAAM. Based on regulation D.S. No. 042-2017-EM:

- an FTA can cover drilling of up to 20 drill platforms, subject to specific requirements;
- a DIA – Category I can cover drilling of up to 40 drill platforms within a 10 ha area; and
- an EIAsd–Category II is applicable to mining and exploration programs with 40 to 700 drill platforms in exploration areas greater than 10 ha.

Both the DIA – Category I and EIAsd – Category II classifications require development of public participation mechanisms, which are mainly administered under R.M. 304-2008-MEM/DM. Once the DIA or EIAsd is

approved, a mining drilling permit must be obtained from the General Directorate of Mining Affairs (Dirección General de Minería, DGM).

Construction and Exploitation - An EIAd – Category III is required before the initiation of mining exploitation activities (including the construction phase) along with the administrative licenses, authorizations and permits demanded by the current regulations. EIAd - Category III applications are reviewed and approved by SENACE. Also, the titleholder of the mining project is obliged to have the necessary rights for the use of the surface land related to the development of the mining project.

If the description of the project varies over time, departing from what was originally approved in the project certification, the mining licensee must modify its environmental management instrument prior to the execution of the new activities.

Minor Modifications - A Supportive Technical Report (Informe Técnico Sustentatorio or ITS) is required to conduct minor modifications that do not entail a significant environmental impact, or that involve a technological improvement to the mining operation. In the case of mining exploration activities, an ITS allows the modification of a DIA – Category I or EIAsd – Category II for the relocation of drilling platforms or an increase in the number of drilling platforms. An ITS can also be used to perform non-significant modifications to certain components contemplated under an EIAd – Category III (Note: Within the effective area or of direct environmental influence approved in the corresponding environmental instrument).

The mining concession titleholder who plans to develop mining exploitation activities, may request a modification of its environmental instrument in order to transition into the exploitation phase. This allows the deferral for a term of three years of the final closure and post-closure measures required to close the exploration project, subject to the constitution of a financial guarantee.

Related Permits, Certifications and Authorizations - In addition to the environmental instruments mentioned in 20.3.5., related permits, certifications and authorizations are required, where applicable, for mineral exploration and mining that include:

- Water permits, which may include the license to use certain water resources for domestic or industrial purposes, authorization to discharge domestic or industrial wastewaters or authorization to reuse and/or treat water.
- Certification on the non-existence of archaeological remains (Certificado de Inexistencia de Restos Arqueológicos, CIRA), and Archaeological Monitoring Plan (Plan de Manejo Arqueológico, PMA) from the Ministry of Culture (Ministerio de Cultura, MINCUL).
- Authorization to store and use explosives for construction and mining.
- Registry and authorization for the use, storage and transportation of controlled substances and chemicals.
- Construction authorization required for construction and implementation of the project's beneficiation facilities.

- Approval of the Mining Plan, which includes the authorization to initiate the exploitation activities (Note: A MCP will be also required in connection with those exploration activities with underground works that involve the removal of more than 10,000 tonnes of material or more than 1,000 tonnes of material with a ratio of neutralization potential (PN) to acidity potential (PA) less than three (PN/PA<3) in representative samples of the material removed).
- Approval and execution of a Mine Closure Plan (MCP) to rehabilitate the areas disturbed by the conduction of mining exploitation activities.

The most important of these related permits, certifications and authorizations are as follows:

Water use permits, authorizations, and licences - Water resources are an inalienable and imprescriptible property of the Peruvian state. However, water use rights, such as licenses, permits and/or authorizations, may be granted by the ANA to third parties, based on the following efficiency criterion:

- Water Use Permits: granted exclusively over excess water resources, subject to the eventual availability of waters.
- Water Use Authorizations: granted to conduct studies or perform temporary and special works.
- Water Use Licenses: granted for the permanent use of water for a specific purpose.

According to current regulations, water use rights are subject to the payment of relevant fees in favour of ANA. Non-compliance with this obligation for two consecutive instalments results in the expiration of the respective water use right.

The discharge of domestic and/or industrial waste waters into a water body (continental or marine) is subject to the granting of the following authorizations, as the case may be:

- Authorization for the Discharge of Domestic Treated Wastewater granted by the ANA.
- Authorization for the Discharge of Industrial Treated Wastewater granted by the ANA.

In accordance with the applicable laws and regulations, the discharge of wastewaters is also subject to the payment of relevant fees in favour of ANA. Failure to comply with this obligation for two consecutive instalments results in the expiration of the relevant authorization.

Cultural Heritage Permits - Peruvian legislation establishes that performing any works involving archaeological sites requires a previous authorization by the MINCUL.

Titleholders of investment projects are also obliged to obtain a CIRA prior to the execution of a project. The CIRA solely certifies the non-existence of archaeological remains on the surface. If any archaeological remains are found as a consequence of the execution of the respective construction activities, the titleholder will be obliged to notify MINCUL of such and to temporarily suspend the execution of its construction activities.

In addition to the CIRA, titleholders must obtain the approval of an Archaeological Monitoring Plan, which is aimed at ensuring the protection of the archaeological remains that may eventually be found below surface due to the execution of earth-removal works.

Beneficiation Concession - Concessions are granted under the General Mining Law described in Section 4 (Property Description and Location).

For the granting of a beneficiation concession the process is divided into stages. The first two stages refer to construction activities while the last (which is started after the construction of the beneficiation facilities has been completed), refers to the operation of the facilities.

The three stages are:

- Stage A: Evaluation of the Application and Authorization for the Publication of Posters – Descriptive report of the plant and its main, auxiliary, and complementary facilities, according to the format established by the DGM, construction plans and design of the tailings deposit:
- detailed engineering of civil works (metallurgical plant, tailings deposit, leach pad, auxiliary and complementary works).
- detailed engineering of the electromechanical installations.
- detailed engineering of metallurgical processes.
- detailed budget and schedule.
- Stage B: Construction Authorization – Requires:
- the favourable technical opinion of the competent sector, as appropriate, if the project affects roads or other rights of way.
- detailed engineering will be required.
- Stage C: Operation Authorization – After having carried out the construction of the facilities related to the activities the licensee must request an inspection by the authority in order for it to verify that the facilities have been built in accordance with the approved permit. With this verification, the Authority issues the Operating Authorization for the beneficiation facilities.

Mining plan and authorization for the start of exploitation activities - The mining plan permit is processed after having obtained the environmental certification and allows its holder to carry out the construction of the facilities related to the mining activities of the mining project (such as the pit, dumps, among others).

The Authorization to Start Exploitation Activities must be requested after having carried out the development and preparation activities authorized by the mining plan permit. To obtain it, it is essential that the activities carried out coincide with the construction permit. This authorization allows its holder to carry out the mining exploitation activity.

Mine Closure Plan - The Mine Closure Plan ("MCP") establishes the measures that the mining owner must adopt in order to rehabilitate the area used or disturbed by mining activities so that it reaches ecosystem characteristics compatible with a healthy and adequate environment for the development of life and landscape preservation. Rehabilitation includes measures to be carried out before, during and after the closure of operations which will allow the elimination, mitigation, and control of the adverse effects on the environment or that could be generated by solid, liquid, or gaseous waste produced as a by-product of the mining activity.

Holders of mining concessions that intend to initiate or reinitiate mining operations are bound to obtain the approval of a MCP. A MCP is also required for mining concession holders intending to carry out underground exploration works involving the removal of more than 10 000 tonnes of material or more than 1 000 tonnes of material which may contain a potential neutralization (PN) over potential acidity (PA) lower than 3 (PN/PA<3) in representative samples of the removed material.

The MCP is an environmental management tool consisting of technical actions aimed at rehabilitating the area used or disturbed by the execution of mining activities. The respective closure measures shall be carried out before, during and after the conclusion of the mining operations, which will enable the elimination, mitigation and control of the adverse environmental effects that are generated or could be generated by the mining activity.

The MCP is required in different stages during the life of mine, as follows:

- A conceptual plan must be filed as part of the relevant exploration projects' environmental impact study, which must be approved prior to the exploration works being conducted;
- A conceptual plan must be filed as part of the relevant exploitation project´s environmental impact study;
- A detailed MCP will be required before the initiation of the operation stage; and
- The Mine Closure Plan will be subject to review and modification:
- a first time after three years have elapsed since its approval, and subsequently every five years after its last modification or approved update; or
- when determined by the supervisory authority, due to a significant gap between the budget of the approved MCP and the amounts actually recorded for its execution or that are expected to be executed;
- when technological improvements or any other change that significantly varies the circumstances by virtue of which the MCP or its last modification or update was approved.

Maintenance and monitoring reports will be required after the closure of the mine, as well as post-closure follow-up actions.

Titleholders are required to lodge an environmental guarantee in favour of the MINEM that backs the costs associated with the execution of the MCP (final closure and post closure stages). The guarantee is payable by means of annual contributions, the amount of each annual contribution being the result of dividing the total amount of the guarantee by the remaining life of mine. The guarantee becomes payable as from the year immediately following the approval or amendment of the MCP, and within the first twelve working days of each year.

Titleholders are not allowed to develop exploitation and/or beneficiation mining activities before the granting of the guarantee. Non-payment of the guarantee with regards to activities in operation can cause the stoppage of activities for a maximum of a two-year term at the end of which the holder will be obliged to immediately execute the measures established in its MCP, in conjunction with other possible legal sanctions.

20.3.6 Other Environmental Considerations

Mining Environmental Liabilities - The concept of "mining environmental liability" (*pasivo ambiental minero*) in the Peruvian mining legal framework specifically refers to the facilities, runoffs, emissions, or remains of former mining operations that, by July 2004 (when the relevant law entered into force), had been abandoned or were inactive and entailed environmental or health hazards.

Peruvian environmental law sets out the general environmental liability rule that the one harming or potentially harming the environment is the one liable for such harm, and thus is the one obliged to prevent, mitigate, repair or offset such damage. In the same manner, the legal framework on "mining environmental liabilities" sets out the general liability rule that whoever caused a "mining environmental liability" is responsible for its clean up.

This legal framework also establishes that third parties may be obliged to execute the respective remediation, reclamation and/or reuse of environmental liabilities generated by third parties should they voluntarily wish to intervene in them. In these cases, the interested party should obtain the approval of an Environmental Liabilities Closure Plan or include the measures related to these environmental liabilities into the respective environmental management instrument. The titleholder of the Environmental Liabilities Closure Plan or the environmental management instrument will then be responsible for the timely execution of the remediation, reclamation and/or reuse measures and consequently will be subject to the imposition of fines by OEFA in case of non-compliance.

Prior Consultation - On September 2011, Peruvian Government approved the Law No. 29785 "Consulta Previa Law" (prior consultation) and its regulations approved on April 2012, by Supreme Decree Nº 001-2012-MC. This requires prior consultation with indigenous communities (pueblo indígena u originario) as determined by the Ministry of Culture, before any infrastructure or projects, in particular mining and energy projects, are developed in their areas.

20.3.6.1 The following is the legal framework that guides environmental programs:

- Ley N° 28611 - General Law of the Environment.
- Ley N°29338 – Water Resources Act.
- Ley N°26842 – General Health Law.
- D.S. N°040-2014-EM - Regulation on environmental protection and management for exploitation, profit, general work, transport, and mining storage activities.
- D.S. N°004-2017-MINAM - Environmental Quality Standards (ECA) for Water.
- D.S. N°010-2010-MINAM - Maximum Permissible Limits for the Discharge of Liquid Effluents from Mining – Metallurgical Activities.
- D.S. N°031-2010-SA - Water Quality Regulations for Human Consumption.
- D.S. N°003-2010-MINAM - Maximum Allowable Limits for Domestic or Municipal Wastewater Treatment Plant Effluents.
- D.S. N°003-2017-MINAM - Environmental Quality Standards for Air.
- D.S. N°074-2001-PCM - National Air Environmental Quality Standards Regulations.
- D.S. N°069-2003-PCM - Set Annual Lead Concentration Value.
- D.S. N°085-2003-PCM - Environmental Quality Standards for Noise.
- D.S. N°011-2017-MINAM - Environmental Quality Standards (ECA) for Soil.
- R.M. N°315-96-EM/VMM - Maximum permissible levels of elements and compounds present in gaseous emissions from mining-metallurgical activities.
- A1-2.3.3 Legal framework for environmental monitoring programs.

20.4 Environmental Studies & Permits

Kuya has the main permits required to support a mining and processing operation of 350 t/d. The environmental permits have been issued through two separate environmental permitting instruments, an Environmental Impact Declaration (DIA) for underground mine and associated infrastructure and a Semi detailed Environmental Impact Assessment (EIAsd) for the process plant, TSF and associated facilities.

Permits have been granted to the various owners of the Property since the implementation of the first Peruvian environmental regulations, and these have been transferred to successive owners through corporate acquisition and/or property sale.

20.4.1 Permits Related to the Mine & Associated Infrastructure – Area 1

Table 20-1 provides an English version (professionally translated from Spanish to English) of information related to the DIA, modifications, and other approved permits for the Santa Elena concession (Area 1) and any permit applications which have been submitted but as of effective date of this report are without resolution. These can be summarised as follows in order of approval:

- DIA - Directorial Resolution No.102-2009-DIA – issued 3 November 2009. The DIA approved the exploration and exploitation of the mineral within the Santa Elena concession.
- CIRA No. 004/DRC–HVCA–2010 – issued 2 November 2010. The DRC (Center of Regional Direction) Huancavelica issued a CIRA (Certification of nonexistence of archaeological remains) indicating that no archaeological remains were found within the area of influence of the Santa Elena concession which was previous approved Directorial Resolution No. 102-2009-DIA.
- Administrative Resolution No. 056–2012–ANA–ALA–HUANCAVELICA – issued 11 April 2012. The Huancavelica branch of the ANA (national water authority) approved the license to use water for mining purposes. In this license the mine was approved to use 0.10 l/s of water sourced from the Siete Gallos stream.
- Regional Directorial Resolution No. 040–2015/GOB–REG–HVCA/GRDE–DREM – issued 3rd of July 2015. The GRED-DREM (Regional Government of Huancavelica and the Regional Direction of Energy and Mines) approved the start-up of mining activities within the Santa Elena concession. This permit expires for companies if they report a stoppage of 3 or more consecutive years. This is not the case for the Santa Elena concession and this permit remains active.
- Modification of 2009 DIA - Regional Directorial Resolution No. 103-2017/GOB-REG-HVCA/GRDE-DREM – issued 31 July 2017. The objective of updating the DIA was to determine, assess and mitigate environmental impacts of the mining activities and incorporate how the company proposed to manage, prevent, mitigate, control and monitor the mining operation. The modified DIA also approved minor works associated with modifications of activities associated with managing, preventing, mitigating, controlling and monitoring of the mining operation.
- Regional Directorial Resolution No. 107–2018/GOB–REG–HVCA/GRDE–DREM, issued 5 December 2018. This resolution approved the Mine Closure Plan (temporal or definite closure) of the Santa Elena mine (Bethania Mine).
- Regional Directorial Resolution No. 005–2021/GOB–REG–HVCA/GRDE–DREM – issued 16 February 2021. This resolution approved an ITS (supportive technical report) of the 2009 DIA which had been previously updated through Regional Directorial Resolution No. 103-2017/GOB-REG-HVCA/GRDE-DREM in 2017. The ITS approved the construction of 20 drill platforms and associated works related to drilling activities. This permit had a duration of 9 months from date of issue.
- CIRA No. 055-2021-DDCHUV/MC – issued 3 March 2021. The DDCHUV (Deconcentrated direction of culture Huancavelica) issued a CIRA (Certification of nonexistence of archaeological remains) indicating that no archaeological remains were found within the new area of influence identified in the ITS, and DIA 2017 with modified components.

20.4.1.1 Permits in process for the Mine & Associated Infrastructure – Area 1

- Modification of the DIA presented in 2017. The new application was submitted on 14 December 2020. The objective was to determine, assess and mitigate environmental impacts of the mining activities and incorporate how the company proposed to manage, prevent, mitigate, control and monitor the mining operation. To achieve this, new

components were incorporated into the DIA which included a water treatment plant (to treat residual water) and an area for treating contaminated soils (oils, fuel). This permit modification is in evaluation.

- On 4 May 2021 the company filed document 2021-0036855 with the DDCHUV/MC for approval of a PMA for infrastructure areas that were built before Kuya took ownership of the Property. The filing was returned by the DDCHUV/MC with observations which Kuya answered and submitted for revaluation. The evaluation process is ongoing.
- Explosive's magazine – Kuya is planning normalize the status as the mining project advances according to the current regulation of SUCAMEC.

20.4.2 Permits related to the Process Plant, TSF and associated Infrastructure – Area 2

Table 20-1 provides an English version (professionally translated from Spanish to English) of information related to the DIA, modifications and other approved permits for the Bethania Plant Beneficiation Concession (Area 2) and any permit applications which have been submitted but as of effective date of this report are without resolution. These can be summarised as follows in order of approval:

- EIAsd – Directorial Resolution No. 005-2019/GOB-REG-HVCA/GRDE-DREM – issued 31 January 2019. This resolution approved the terms of reference necessary for developing the EIAsd for the process plant. TSF and associated infrastructure.
- EIAsd - Directorial Resolution No. 032-0200/GOB.REG.HVCA/GRDE/DREM – issued 21 August 2020. The components approved in the EIAsd comprised approval of the Beneficiation process plant, tailings facility and associated infrastructure which includes assay laboratory, offices, canteen, power plant, heavy and light vehicle parking areas, changing rooms and toilets, security checkpoints, general warehouse, storage areas for reagents and solid wate material, reagent preparation area, electrical & mechanical workshops, general substation and substation for process plant, blowers, fuel storage and distribution area, ponds for fresh water, recirculated water and overflow contingency, designated storage for areas of Material type A & B (different soil types), coarse run-of-mine ("RoM") stockpile and Contaminated soils (oils, fuel) storage area.
- CIRA No. 155–2020–DDCHUV/MC – issued 7 December 2020. The DDCHUV/MC (Deconcentrated direction of culture Huancavelica/Ministry of Culture) issued a CRIA (Certification of nonexistence of archaeological remains) indicating that no archaeological remains were found within the area that will be disturbed for the construction of the of the proposed process plant, tailing storage facility and associated infrastructure which was previous approved through Directorial Resolution No. 032-0200/GOB.REG.HVCA/GRDE/DREM.

20.4.2.1 Permits in process for the Process Plant, TSF and associated Infrastructure – Area 2

- On 14 December 2020, Kuya filed archive No. 373 with the Ministry of Energy and Mines (MEM) requesting the granting of the beneficiation concession and authorization to start construction activities of the process plant, TSF and associated infrastructure (Planta Bethania). Kuya is waiting the response from the MEM. This permission is pending.
- On 28 July 2021, Kuya filed archive No. 67709-2021 with the DDCHUV/MC to request a CIRA for an area not included in the original CIRA granted through CIRA No. 155–2020–DDCHUV/MC. This request is under evaluation.

- Kuya is currently undertaking the studies and reporting required to fulfil the requirements of D.S.033-2005-EM, a mine closure plan for the full closure/temporal closure the process plant, TSF and associated infrastructure.

20.5 Environmental Liabilities

Environmental liabilities identified in the DIA (2016) recorded liabilities on site which consisted of:

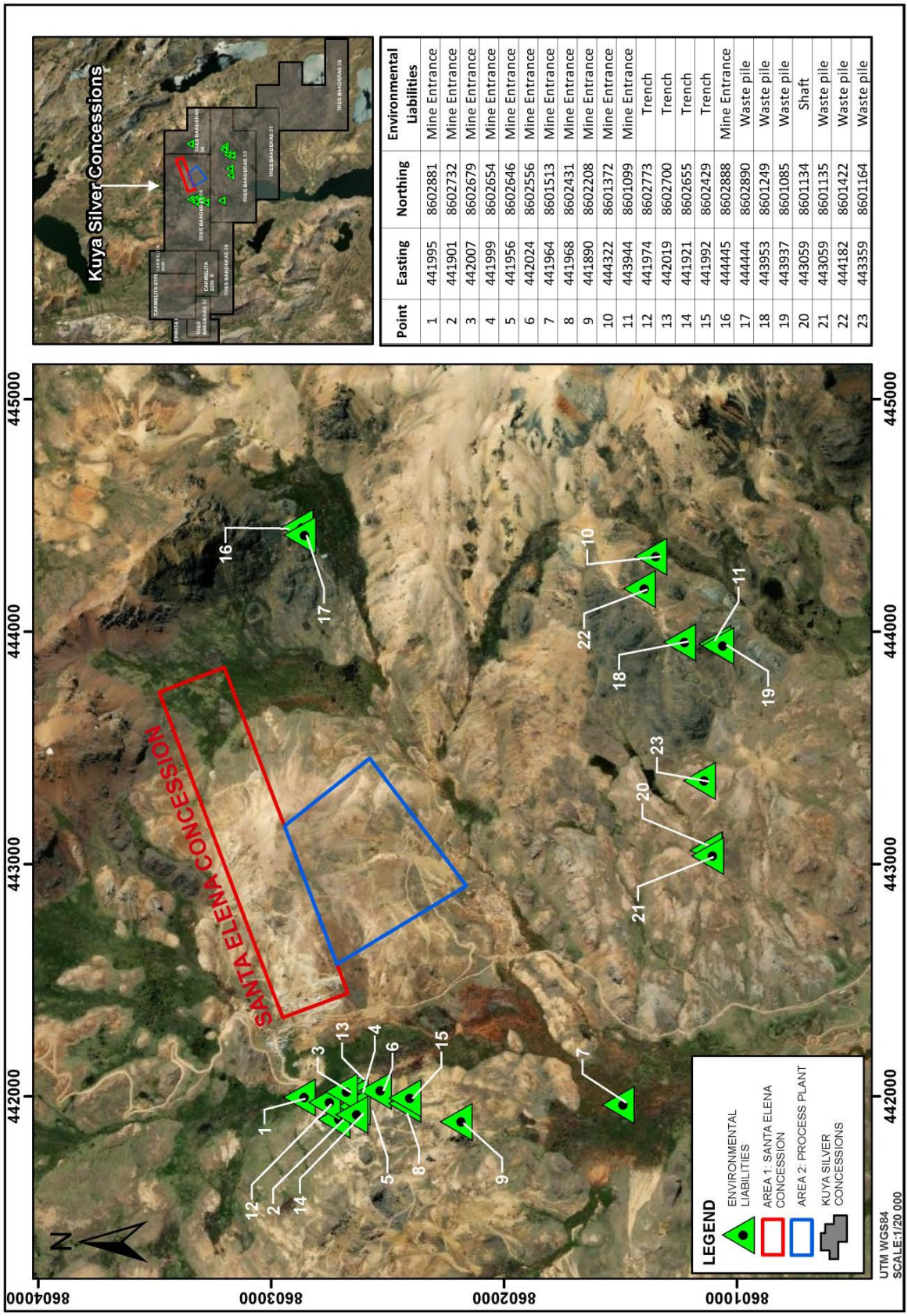
- Abandoned underground workings including stopes, mine level entrances, development drives, crosscuts and raises.
- Abandoned buildings and installations including stockpiles (waste and mineral).
- Disturbed areas such as accesses to the historic mine workings.

The DIA identifies the companies that created the liabilities as the previous owners S&L Andes Export S.A. and SANSIL S.R.L.

The remediation of the areas identified have been included in the mine closure plan approved through Regional Directorial Resolution No. 107–2018/GOB–REG–HVCA/GRDE–DREM.

No closure plan exists for the Beneficiation Concession as this has yet to be submitted for approval. Under normal circumstances Kuya would have had one year from the date of approval of the EIAsd to submit their mine closure plan. However due to COVID-19 a law was passed extending the periods which mining companies have to submit supporting documents to relevant authorities.

Mr. Gerardo Acuña Perez revised the official environmental liabilities register and found that no registered environmental liabilities existed within the Santa Elena concession and also noted that several environmental liabilities were registered to the south and west of the Santa Elena mining concession and that the responsible party was listed as “not found”. Most of the environmental liabilities are within other Kuya concessions, however, under Peruvian law, Kuya is not responsible for the remediation of these liabilities as they were generated by unknown others. A map of known registered environmental liabilities is shown in Figure 20-1.



Point	Easting	Northing	Environmental Liabilities
1	441995	8602881	Mine Entrance
2	441901	8602732	Mine Entrance
3	442007	8602679	Mine Entrance
4	441999	8602654	Mine Entrance
5	441956	8602646	Mine Entrance
6	442024	8602556	Mine Entrance
7	441964	8601513	Mine Entrance
8	441968	8602431	Mine Entrance
9	441890	8602208	Mine Entrance
10	444322	8601372	Mine Entrance
11	443944	8601099	Mine Entrance
12	441974	8602773	Trench
13	442019	8602700	Trench
14	441921	8602655	Trench
15	441992	8602429	Trench
16	444445	8602888	Mine Entrance
17	444444	8602890	Waste pile
18	443953	8601249	Waste pile
19	443937	8601085	Waste pile
20	443059	8601134	Shaft
21	443059	8601135	Waste pile
22	444182	8601422	Waste pile
23	443359	8601164	Waste pile

Figure 20-1. Environmental liabilities surrounding Santa Elena Mining concession.

20.6 Communities and Social Agreements

The Project is located in the community of Poroche, District of Colonia, Province of Yauyos in Huancavelica. The community in the area of influence of the mining project numbers approximately 100 persons.

For the EIAsd two separate community participation workshops were undertaken, the first on 23 April 2019, and the second on 8 June 2019, with both workshops attended by 31 people. Both meetings were attended by representatives of the local community, the company, its consultants and the DREM of Huancavelica.

The community is served by the small town of Bethania which is located <500 m to the west of the Santa Elena mining concession boundary. The community has been exposed to small-scale mining since the 1970s and has a good working relationship with Kuya.

The community of Poroche have signed two principal land usage agreements with the company, the first to access and undertake mining and construction activities for the area of the mine (Santa Elena concession - 45 ha) and the second to access, undertake construction and processing activities for the area of the process plant, TSF and associated infrastructure (Bethania Plant Beneficiation Concession – 36.40 ha). These contracts have been modified over time through addendums and can be summarised as follows:

- The first land usage agreement for the area within the Santa Elena mining concession (45 ha) was signed between the community of Poroche and S&L Andes Export S.A.C. on the 23 July 2013 and covered a period of 6 years. Addendums were added to the contract in 2014, 2015, 2018, 2019 and 2020. The last addendum signed on 26 October 2020 mentioned that the current addendum was for the company to carry out work associated with exploration, care and maintenance, rehabilitation, preparation, development, studies and construction. The current agreement addendum expires on 31 August 2022. Kuya does not foresee any problem extending the land usage agreement considering the history of previous agreements undertaken.
- The second land usage agreement for the process plant, TSF and associated infrastructure (Beneficiation Concession was signed between the community of Poroche and S&L Andes Export S.A.C. on the 6th of November 2013 with an effective period from 19 October 2013 to 18 October 2019 (6 years). The original contract provided the company with an area of 10 ha in which to locate the processing plant, TSF and associated infrastructure. This contract has one addendum signed on 21 August 2019 which increased the land usage area to 36.40 ha for an indefinite period. The contract includes fixed yearly payment and a royalty of US$0.75 (excluding tax) for every tonne treated.

In addition to the land usage agreements:

- Kuya has a verbal water usage agreement with the local community. This water usage agreement allows Kuya to use water for exploration, dust suppression and similar activities. This agreement needs to be formalised in a written document.
- Kuya rents a house in the local community to support exploration activities. Kuya upgraded the house to be fit for purpose and will return it to the local community when

the site wide infrastructure is implemented. The rental agreement runs from 19 October 2020 to 18 October 2023.

20.7 Conclusion Environmental Studies, Permitting and Social or Community Impact

Kuya and previous owners have advanced well with the permitting required for the Bethania mining project and have good relations with the local community. The local community have a vested interest in the mining project succeeding as they will receive US$0.75 (excluding tax) for every tonne treated through the Bethania process plant.

As noted in Section 18 (Infrastructure), Kuya took a strategic decision in selecting a 350 tpd process capacity. The technical and design work done to date for permitting is not yet supported by current mineral resources or mineral resources as defined by NI 43-101, and considering this, some of the studies, plans and technical assumptions used for engineering and layout design in the permitting process may require future modifications. Kuya have some permit modifications in process, including relocation of infrastructure components and this process has been delayed due to the COVID-19 pandemic.

Mr. Gerardo Acuña Perez noted that Kuya have a verbal agreement with the local community for water usage. Also, the energy generated is through generators owned by Kuya which are located on community property. Mr. Gerardo Acuña Perez also recommends that Kuya formalize both of the above verbal agreements with written agreements.

21.0 CAPITAL AND OPERATING COSTS

This section is not applicable to the Project at its current stage.

22.0 ECONOMIC ANALYSIS

This section is not applicable to the Project at its current stage.

23.0 ADJACENT PROPERTIES

The Authors have been unable to verify the following information and data and the mineralization, data and information presented below is not necessarily indicative of the mineralization on the Property that is the subject of the Report.

A review of Minera IRL´s website information in relation to Corihuarmi Mine together with preliminary reporting regarding Kuya´s exploration concessions surrounding the Bethania mine, and examination of Google Earth (2021) satellite imagery, shows several small mines and mining trials within the interpreted collapsed caldera and within a 4 km radius (Figure 23-1).

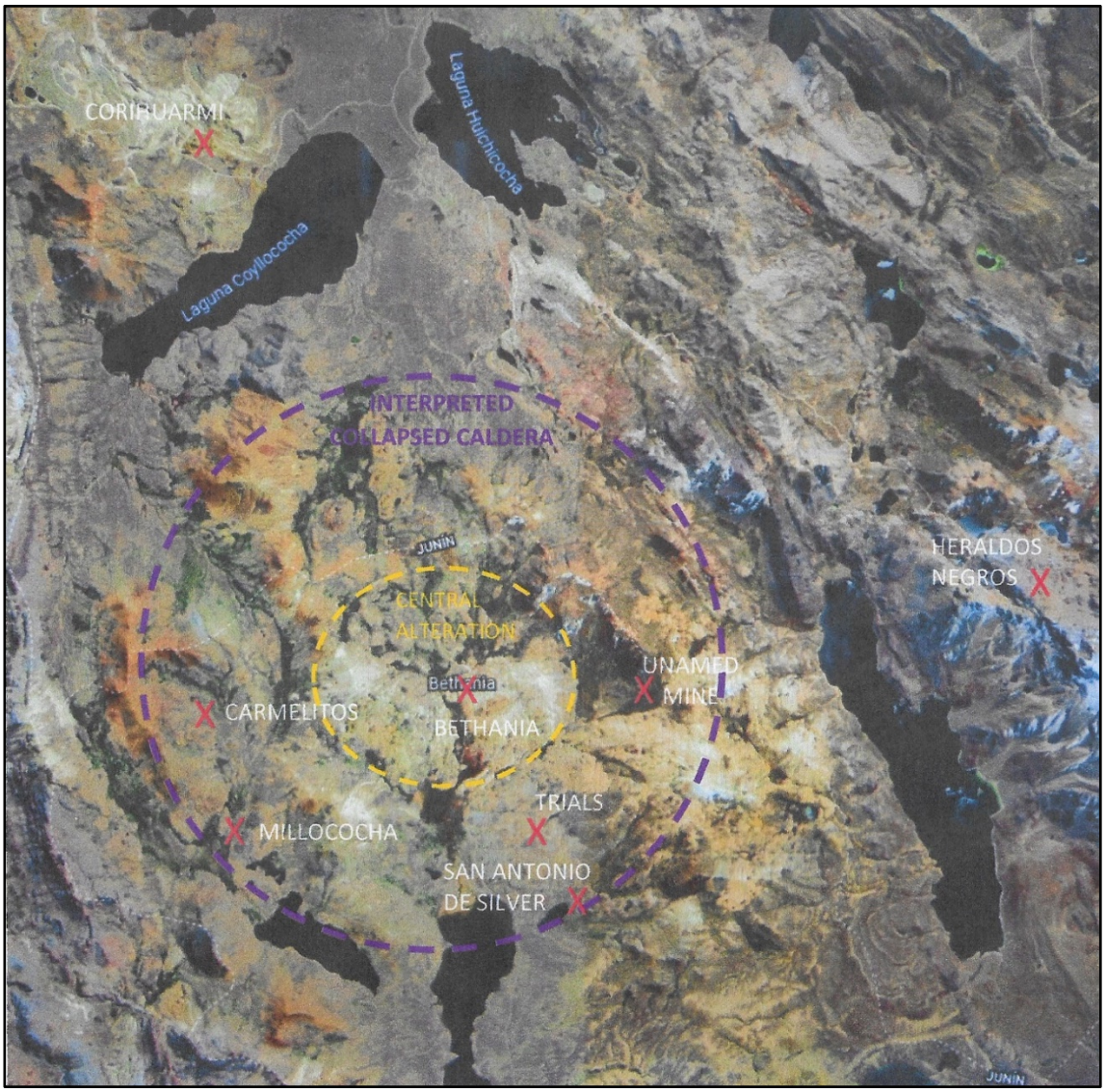


Figure 23-1. Google Earth satellite image showing the location of the Bethania Silver Mine and surrounding small mines and mining trials within a 4 km radius of the Bethania Mine (Santa Elena concession), as well as the Corihuarmi Gold Mine, 9 km to the north-northwest.

23.1 Historical Veins and Mining Trials

The Carmelita small mine is contiguous with the westerly trend of the Bethania silver veins whilst unnamed workings 2.6 km to the east, appear to be a continuation of the same trend. About 1.5 km south of Carmelita is another small mine that worked veins which trend northwards towards Carmelita. About 2 km south-southeast of Bethania are waste dumps and evidence of mining trials trending northeast towards the unnamed workings, and further south-southeast are the abandoned workings of the San Antonio de Silver Mine with features trending northeast. All these old mines and mining trials are sited within the interpreted collapsed caldera which has a radius of approximately 5 kilometres (*see* Figure 23-1).

23.2 Operating Mines

There are two operating mines close to the historical Bethania mine; the Corihuarmi Gold Mine, about 10 km to the north-northwest and the Heraldos Negros Ag-Pb-Zn-Cu Mine, about 11 to 12 km to the east of the Bethania (*see* Figure 23-1).

23.2.1 Corihuarmi Gold Mine

The Corihuarmi Gold Mine is an open-pit mine owned by Minera IRL Limited that was first identified in 1996 and started production in 2008. This mine was built at a cost of about US$20 million and the capital investment was recovered during its first year of production. Up to March 2017 it had produced 280,184 ounces of gold. Projected gold production is set at an average 21,000 ounces per annum through to 2022.

The Corihuarmi is located at the northern extreme of the southern Peru Au-Ag epithermal belt. Mineralization is of a high-sulphidation (HS) epithermal type hosted in volcanic rocks close to the Chonta fault, a regionally significant north-northwest trending structure. The Chonta fault is a major geological break which separates Cenozoic volcanic deposits from folded Paleozoic sediments. Zoned alteration and mineralization is centred on dacitic and rhyodacitic domes intruded close to the Chonta Fault at its intersection with subordinate northeast faults (Seers et al., 2018).

23.2.2 Heraldos Negros Mine

The Heraldos Negros underground mine has been working an intrusive-related skarn and replacement deposit for about 50 years and is owned by Compania Minera San Valentin S.A. a private Peruvian company.

23.3 Other Exploration Targets

About 12 to 15 km south of the Bethania mine, Inca Minerals Limited is successfully exploring a number of geophysical anomalies (Cunajhuasi, Cuncayoz and Huasijaja) comprising Inca´s Riqueza “flagship” project, located within the southerly trend of the epithermal belt. This project is now optioned to South32 for a 60% earn-in by spending US$9.0 million over the next four years.

24.0 OTHER RELEVANT DATA AND INFORMATION

The Authors are not aware of any additional information or explanations necessary to make the Report understandable and not misleading.

25.0 INTERPRETATION AND CONCLUSIONS

The Bethania Property (Santa Elena concession), one of 12 properties (7 concessions and 5 mineral claims) that comprise the Bethania Silver Project, is located in the Cordillera Central of Peru and is host to volcanic-hosted intermediate sulphidation epithermal Ag-Pb-Zn-Cu-Au mineralization. This polymetallic mineralization is primarily hosted by relatively narrow northeast-trending veins and structures which contain bonanza grade silver grades (*i.e.*, >170 g/t Ag) and are hosted by altered andesite and dacite.

Based on evaluation of the data available from the Bethania Property, the Authors of the Report have formed the following conclusions:

1 The historical Mina Santa Elena (now Bethania Mine) has been successfully worked on and off and on a very small scale from 1977 to 2016, but then ceased to work due to lack of investment in mine development and a much-needed on-site treatment facility.

2 Past toll treatment of production has shown that the polymetallic minerals are suited to standard flotation processing although better recovery could be achieved for the zinc content and the separate recovery of copper needs investigation.

3 The past “resuing” method of mining applied to all in-mineral development, stope preparation and stoping was slow and labour intensive. This necessitated the mining of many raises between levels and limited the interval between levels to no more than 20 to 30 metres. Poor host rock conditions meant that close timber support was applied almost throughout the mine, and this means of ground support contributed to limiting production.

4 During the last two years of operation the mine was sunk below its bottom drainage level by means of winzes and the start of a decline shaft. This further slowed development advance within the mine, and it is clear from this that a new mining method needed to be planned to replace the “resuing” method and access into deeper levels.

5 The 2021 Phase 1 drilling program from surface was mainly focussed on the mine area and extensions to known veins for the purpose of adding support to develop the mine further in order to block out new mineral resources. This program has encountered low grade mineralization adjacent to and between the known veins which now needs to be considered as the mining project moves towards underground exploration, a new mining method, and proposals for an on-site mineral processing facility.

6 During the removal of timber supports there will be the opportunity to take new channel samples and test confidence in previous underground sampling and mapping, and the assaying of samples taken. This work should be fully supported by QA/QC and written geological procedures, together with detailed reporting.

7 The vein system within the Property is considered to be open and prospective in all directions. Further surface exploration such as trenching, mapping, and sampling across the veins,

adjacent to the veins and within intervening alteration, should be completed across the Property.

8 No further metallurgical test work is recommended at this stage because we do not know from mine planning what the future mineral-waste ratio and characteristics might be. However, coarse sample rejects should continue to be securely stored (as was started with the completed drilling program) with a view to preparing testwork samples as soon as representivity can be demonstrated. A minimum of 30 kg per test is normally required, and the provenance and preparation of each sample must be reported on by a QP.

9 The maiden Mineral Resource Estimate is encouraging and will form the basis for a Phase 2 diamond drilling program, with holes designed from surface and from underground set-ups, along with guiding additional future surface and underground exploration.

25.1 Resource Database

The maiden MRE is supported by a database that consists of a total of 37 surface drill holes, with a total of 3,738 core assays (including QA/QC samples), and 608 historic underground channel samples.

The QPs have reviewed the drilling, logging, and sampling, quality assurance-quality control, analytical and security procedures for the 2021 drilling program and concluded that all the data capture procedures are industry standard, and that the subsequent management of the exploration data meets strict data handling criteria.

The QPs are of the opinion that the protocols in place are adequate and in general, to industry standards. The database for the Bethania Silver Project is of good overall quality and is appropriate for the purposes of the Mineral Resource Estimation. The measured density of the host veins and associated rock units, and sampling density, allows for a reliable estimate to be made of the size, tonnage, and grade of the mineralization in accordance with the level of confidence established by the Mineral Resource categories in the CIM Definition Standards (CIM, 2014).

25.2 Mineral Resource Estimate

The Maiden Mineral Resource Estimate for the Project has been completed on the Bethania Project using all available information and data (Tables 25-1). The Mineral Resources for the Project were classified in accordance with the most current CIM Definition Standards (CIM, 2014).

In order to determine the quantity of mineralization that shows a “reasonable prospect for eventual economic extraction” using underground mining methods, QP Simon Mortimer, generated two block models, the first being a sub-blocked model based on the geometries of the mineralised structures and the second being a regularised block model with block size based on a minimum mining width of 0.6m. The material that shows a reasonable prospect for eventual economic extraction was determined using the regularized block model, applying a cut-off of 100 ppm silver equivalent, which was based upon the based

an evaluation of current mining and processing costs. The final resource estimation statement also considered the material in the upper levels that had already been extracted and the material that could not be mined due to safety concerns.

Table 25-1. Maiden Mineral Resource Estimate Statement for the Bethania Silver Project, Peru.

Category	Tonnage	GRADE						CONTAINED METAL	
		Ag	Pb	Zn	Au	Cu	AgEq	Ag	AgEq
		(g/t)	(%)	(%)	(g/t)	(%)	(g/t)	(oz)	(oz)
Indicated	404,000	332	2.63	1.95	0.26	0.16	451	4,317,540	5,858,521
Inferred	700,000	249	2.51	1.58	0.24	0.12	356	5,600,256	8,006,431

*Silver equivalent (AgEq) is calculated using metal prices (in US$) of $1,849.78 /oz gold, $25.44 /oz silver, $1,981.79 /t lead, $2,658.62 /t zinc, and $7,971 /t copper, and by applying recovery factors of 0.4439, 0.9324, 0.9449, 0.9265, and 0.8829, respectively.

It is the opinion of the QPs that the Maiden MRE (*see* Table 25-1), completed in accordance with the requirements of the NI 43-101, reasonably reflects the mineralization that is currently known on the Bethania Silver Project and that there are reasonable prospects for future economic extraction, likely using narrow vein underground mining methods.

The Mineral Resources are not mineral reserves as they do not have demonstrated economic viability. The estimate is categorized as Inferred, Indicated and Measured resources based on data density, geological and grade continuity, search ellipse criteria, drill hole density and specific interpolation parameters. The Effective Date of the mineral resource estimates is 10 December 2021, based on the drill hole data compilation status and cut-off grade parameters.

25.3 Risks and Uncertainties

Risks and uncertainties which may reasonably affect reliability or confidence in future work on the Project relate mainly to the reproducibility of exploration results (*i.e.*, exploration risk) in a future production environment. Exploration risk is inherently high when exploring in epithermal polymetallic vein systems, however these risks are mitigated through the completion of surface geological and structural mapping, trenching, and sampling programs, high density (closely spaced drill holes) drilling programs, and when possible, by systematic sampling of underground mine workings that expose target vein systems.

Aside from the recent change of government and related changes in policy, Peru's mining industry is highly regulated, and the permitting and reporting requirements for a mineral project can be complex, with several government agencies involved at different stages of development. As Kuya manages the permitting process for the Project, it may be required to delay and/or modify aspects or portions of the Project in order to meet all applicable requirements. These delays and/or changes to the Project could range in materiality from minor to significant.

The Authors are not aware of any other significant factors and risks that may affect access, title, or the right or ability to perform the proposed work program on the Project or the Property.

26.0 RECOMMENDATIONS

It is the Authors' opinion that additional exploration expenditures are warranted on the Bethania Silver Project and specifically the Property (Santa Elena concession). Future attention should also be given to the prospectivity of the additional concessions the Company has acquired or applied for in the region (*i.e.*, Chinita I, Carmelitas, and Tres Banderas 01 to 07).

A breakdown of costs for a single phase recommended work program, surface, and underground components, on the Bethania Silver Project (Santa Elena concession) is provided in Table 26-1. These recommendations total approximately CAD$2.5 million dollars.

Table 26-1. Recommended single phase work program and budget, Bethania Silver Project.

Work Item (Santa Elena Concession)	Cost (CAD$)
Underground Drone Surveys	$50,000
Underground Vein Sampling	$50,000
Trenching and Sampling	$75,000
Geological Mapping (geology, alteration, structure) and sampling	$30,000
Geophysics - Drone Magnetic Survey	$25,000
Geophysics - Induced Polarization	$75,000
Mine Planning - trade-off studies	$55,000
Water Treatment Facility	$475,000
Underground Mine Rehabilitation (5-month plan)	$370,000
Surface Diamond Drilling Program	$500,000
Underground Diamond Drilling Program	$840,000
Total (CAD$):	**$2,545,000**

With respect to the Bethania Mine, an underground drilling program should also be implemented (*see* details below). An underground drone (UAV) survey is also recommended.

Given the completion of the Phase 1 diamond drilling program and the maiden Mineral Resource Estimate on the Mine Zone vein system of the Santa Elena concession, further exploration work should focus on proving the down dip extension of the mine zone vein system, the definition of the vein system in the Hilltop Zone, and the development of a project scale three-dimensional geological interpretation. Surface work should be completed for trenching, sampling, mapping (geological, alteration and structural) of Hilltop Zone vein system, followed up with a drilling program to confirm downdip extension on the veins. Drill hole parameters for a recommended surface diamond drilling program are provided in Table 26-2 and shown in Figure 26-1.

Surface geophysical surveys such as induced polarization (chargeability/resistivity) and a high-resolution magnetic survey (possible drone based) are also recommended.

Table 26-2. Recommended surface drilling program to test the Hilltop Zone vein system, Santa Elena concession.

DDH	NORTH	EAST	Z	DD Station	TARGET	ANGLE	AZIMUTH	LENGTH (m)
P1	443223	8603039	4854	1	Veta Daniela, Española 2 Rocio & Mercedes	-45	22	230
P2	443223	8603039	4854	1	Veta Daniela, Española 2 Rocio & Mercedes	-55	22	270
P3	443175	8603052	4869	2	Veta Daniela, Española 2 Rocio & Mercedes	-45	22	270
P4	443175	8603052	4869	2	Veta Daniela, Española 2 Rocio & Mercedes	-55	22	325
P5	443130	8603082	4856	3	Veta Daniela, Española 2 Rocio & Mercedes	-50	22	260
P6	443130	8603082	4856	3	Veta Daniela, Española 2 Rocio & Mercedes	-60	22	320
P7	443235	8603201	4823	4	Veta Santa Elena & Mercedes	-45	15	80
							Total 670 Level:	**1755**

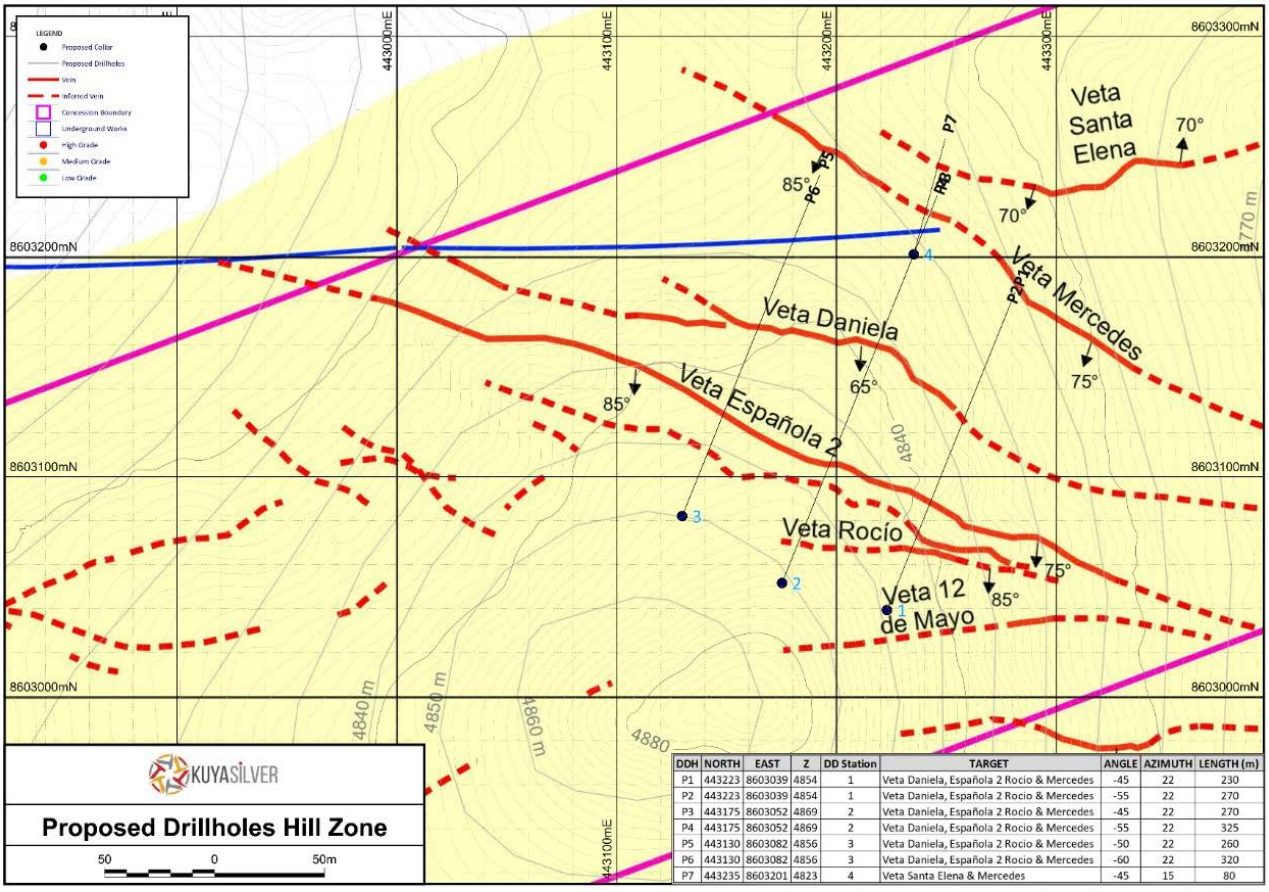


Figure 26-1. Location of proposed surface drill holes at the Hilltop Zone, Bethania Silver Project (*see* Table 26-2).

26.1 Recommended Underground Exploration

It is recommended that as soon as a permit is granted to proceed with underground access and exploration, that the Company considers an underground exploration program to (1) verify historical sampling information, and (2) to probe the down dip continuation of the mineralised structures.

Recommended drill hole collar locations for a 33-hole underground diamond drilling program, totalling 4,790 m (Table 26-3) and to be completed from 10 different locations (Table 26-4) are shown for the 4640 Level (Figure 26-2) and the 4670 Level (Figure 26-3).

With respect to the 10 different drill hole set-up locations (Table 26-4), the existing timber support will have to be removed and ground conditions assessed for support using shotcrete and/or reinforced shotcrete support.

These locations will then have to be increased in size, sufficient to accommodate diamond-drilling equipment within the drill bays. Where ground conditions are very poor it may not be necessary to use drill and blast, and shotcrete may have to be used to support temporary advances until the final excavation shape has been completed. However, this work though laborious, will provide much needed information on the alternative ground support methods that have to be considered in a more productive mine design.

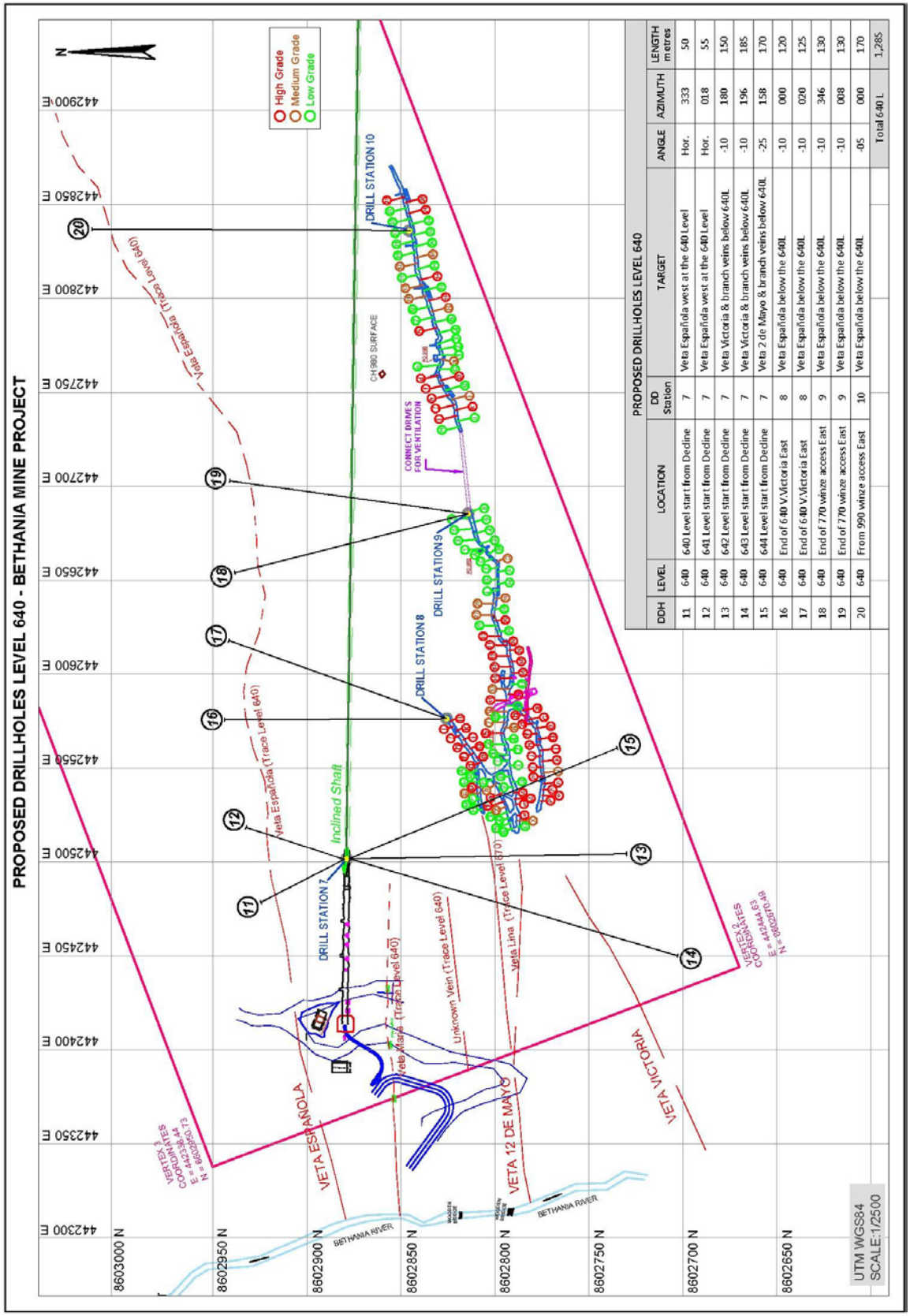
The cost of the recommended underground 20-hole diamond drilling program, together with geological support, and the mining of 10 underground drill bays is summarised in Table 26-1. It should be noted that this is only approximate, as it is not currently possible to go underground and carry out a more detailed examination of the ground and working conditions that will be encountered.

Table 26-3. Recommended underground diamond drilling, Bethania Silver Mine.

DDH	LEVEL	LOCATION	DD Station	TARGET	ANGLE	AZIMUTH	LENGTH (m)
1	670	North end of CX650	1	Veta Española west continuation, 670L	Hor.	320	70
2	670	North end of CX650	1	Veta Española west continuation, 670L	Hor.	8	70
3	670	North end of CX650	1	Veta 12 de Mayo west continuation, 670L	Hor.	179	85
4	670	North end of CX650	2	Veta Victoria west continuation, 670L	Hor.	129	60
5	670	North end of CX650	2	Veta Victoria west continuation, 670L	Hor.	174	70
6	670	Near East end CX650	3	Veta 12 de Mayo & branches below, 640L	-25	160	200
7	670	XC south 270m E, V. Español	4	Veta 12 de Mayo & branches below, 640L	-25	178	215
8	670	XC south 270m E, V. Español	4	Veta 12 de Mayo & branches below, 640L	-25	155	210
9	670	Veta Español, c.400 East	5	Veta 12 de Mayo below the 640L	-20	148	175
10	670	Veta Español, c.500 East	6	Veta 12 de Mayo below the 640L	-20	154	175
24	670	XC south 270m E, V. Español	4	Veta 12 de Mayo below the 640L	-47	170	210
25	670	Veta Español, c.400 East	5	Veta 12 de Mayo below the 640L	-47	160	230
26	670	Veta Español, c.500 East	6	Veta 12 de Mayo below the 640L	-47	160	255
30	640	North end of CX650	1	Veta 12 de Mayo below the 640L	-55	170.35	180
32	640	North end of CX650	2	Veta Española below the 670L	-50	345	170
						Total 670 Level:	**2375**
11	640	640 Level start from Decline	7	Veta Española west at the 640 Level	Hor.	333	50
12	640	641 Level start from Decline	7	Veta Española west at the 640 Level	Hor.	18	55
13	640	642 Level start from Decline	7	Veta Victoria & branch veins below 640L	-10	180	150
14	640	643 Level start from Decline	7	Veta Victoria & branch veins below 640L	-10	196	185
15	640	644 Level start from Decline	7	Veta 12 de Mayo & branch veins below 640L	-25	158	170
16	640	End of 640 V.Victoria East	8	Veta Española below the 640L	-10	0	120
17	640	End of 640 V.Victoria East	8	Veta Española below the 640L	-10	20	125
18	640	End of 770 winze access East	9	Veta Española below the 640L	-10	346	130
19	640	End of 770 winze access East	9	Veta Española below the 640L	-10	8	130
20	640	From 990 winze access East	10	Veta Española below the 640L	-5	0	170
21	670	640 Level start from Decline	7	Veta Española west at the 640 Level	-47	170	150
22	670	641 Level start from Decline	7	Veta Española west at the 640 Level	-58	170	190
23	670	642 Level start from Decline	7	Veta Española west at the 640 Level	-80	350	80
27	640	End of 640 V.Victoria East	8	Veta Española below the 640L	-78	170	100
28	640	End of 640 V.Victoria East	8	Veta Española below the 640L	-67	350	150
29	640	End of 640 V.Victoria East	8	Veta Española below the 640L	-51	350	120
31	640	End of 770 winze access East	9	Veta Española below the 640L	-46	350	170
33	640	From 990 winze access East	10	Veta Española below the 640L	-47	340	170
						Total 640 level:	**2415**
						TOTAL PROPOSED DRILLING:	**4790**

Table 26-4. Proposed underground drilling stations, Bethania Silver Mine.

Preliminary Inspections						Shotcrete Support		
Drill Station	Safety	Feasibility & Excavation Required	Ventilation Requirements	Remove Timber Support	*Mine Excavation Required	2" Only	Includes Mesh in Larger Excavation	Daily Inspection Support Condition
1	X	X	70 m from 670 portal	X	X		?	X
2	X	X	160 m from 670 portal	X	X	?		X
3	X	X	175 m from 670 portal	X	X	?		X
4	X	X	Forced through ventilation	X	X	?		X
5	X	X	Forced through ventilation	X	X		?	X
6	X	X	Forced through ventilation	X	X		?	X
7	X	X	100 m from decline portal	X	X	?		X
8	X	X	Forced through ventilation	X	X	?		X
9	X	X	Mine 42 m vent. connection	X	X		?	X
10	X	X	Mine 42 m vent. connection	X	X		?	X



PROPOSED DRILLHOLES LEVEL 640

DDH	LEVEL	LOCATION	DD Station	TARGET	ANGLE	AZIMUTH	LENGTH metres
11	640	640 Level start from Decline	7	Veta Española west at the 640 Level	Hor.	333	50
12	640	641 Level start from Decline	7	Veta Española west at the 640 Level	Hor.	018	55
13	640	642 Level start from Decline	7	Veta Victoria & branch veins below 640L	-10	180	150
14	640	643 Level start from Decline	7	Veta Victoria & branch veins below 640L	-10	196	185
15	640	644 Level start from Decline	7	Veta 2 de Mayo & branch veins below 640L	-25	158	170
16	640	End of 640 V.Victoria East	8	Veta Española below the 640L	-10	000	120
17	640	End of 640 V.Victoria East	8	Veta Española below the 640L	-10	020	125
18	640	End of 770 winze access East	9	Veta Española below the 640L	-10	346	130
19	640	End of 770 winze access East	9	Veta Española below the 640L	-10	008	130
20	640	From 990 winze access East	10	Veta Española below the 640L	-05	000	170
						Total 640 L	1,285

Figure 26-2. Collar locations for the recommended underground diamond drilling program, 4640 Level, Bethania Mine.

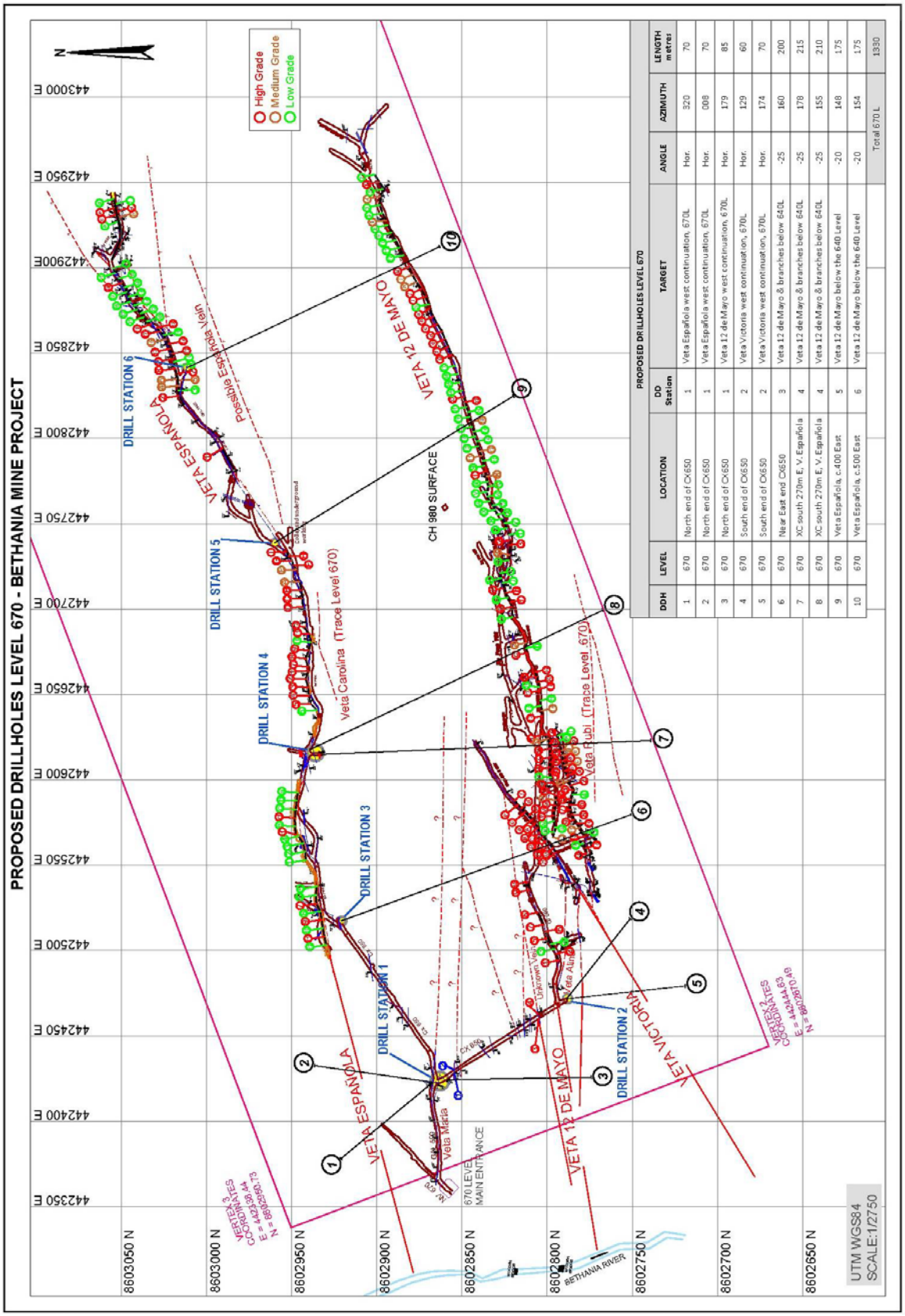


Figure 26-3. Collar locations for the recommended underground diamond drilling program, 4670 Level Bethania Mine.

26.2 Recommended Mine Planning

Now that a maiden mineral resource estimate has ben completed, it is recommended that trade-off studies are carried out to:

10 Determine the most productive and cost-effective way to sink the mine below the 670 Level by continuing the -30 degree decline or mining a vertical shaft, or by ramping down trackless at -8 or -10 degrees.

11 Consider changing the timber support method to the application of shotcrete in most development advances (see Figure 16-5, Photos 16-8 to 16-11 which identify defects in timber support previously installed).

12 Consider a stoping method like ascending cut and fill using captive equipment or "rill-shrinkage" which does away with the need for raises every 50 m and only requires around 15% of the raises previously needed for access, ventilation, and rock passes in comparison with those previously planned.

13 Consider wider spacing of main levels together with variations on rill-shrinkage where 10 m deep crown pillars are left for more productive long-hole extraction, and sill pillars above the crown pillars are extracted at the same time. If carefully planned and executed, long-hole extraction of pillars can be carried out to widths less than a metre depending upon the wall-rock conditions.

14 Consider all the safety, occupational health and environment aspects that need to be incorporated when changing the mining methodology.

Trade-off studies cannot however be carried out in isolation. It is important to get full access into the mine to gather as much geotechnical data as possible in relation to mining at different widths. This will probably require entire rehabilitation of the 670 Level and drainage and rehabilitation of the 640 Level, its access, and decline shaft which is currently being used as a sump for acid water drainage.

Mr. Gerardo Acuña Perez estimates that the trade-off studies work program should cost approximately CAD$55,000. The above-mentioned studies are required for future mine planning and developing some of the modifying factors required for converting resources to reserves.

Mine planning costs exclude underground mine care & maintenance (estimated at between CAD$25,000 to CAD$50,000 per month) and underground mine rehabilitation costs (estimated at CAD$370,000).

26.3 Recommended Metallurgical Testwork

Metallurgical testwork will be required in the future but not as part of the Phase 1 work program. As previously documented, the mining method needs to be defined to understand what the future mineral-waste ratio and characteristics might be encountered before a metallurgical test work program can be implemented to replicate run of mine conditions.

26.4 Recommended Environmental Studies, Permitting and Community or Social Work

The mine planning work mentioned above requires that the DIA modification submitted on 14 December 2020 is approved. The new components included in the modification include a water treatment plant (to treat residual water) and an area for treating contaminated soils (oils, fuel). The water treatment facility is required to treat acid water in the lower levels of the mine and has to be installed before the mine can be dewatered. Kuya estimates that the water treatment facility will cost CAD$475,000 to install.

In addition, it is recommended that Kuya re-negotiate the land usage agreement for the Santa Elena mine concession area which expires in 2022 and normalise any verbal community agreements with written agreements.

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