CORMARK SECURITIES INC.

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GOLD MINING

October 19, 2020

Kuya Silver Corp.

Restarting High-Grade Silver Production

Recommendation: **Buy (S)**

Target Price: **C$2.25**

Company Statistics:

Stock Symbol: **KUYA-CSE**

Price: **C$1.37**

NAVPS ($24/oz): **C$2.26**

NAVPS (spot): **C$2.27**

Shares Outstanding:

Basic: **32.3 MM**

Diluted: **37.9 MM**

Management: **9.3 MM (29%)**

Market Cap: **$33 MM (C$44 MM)**

Cash: **$9.8 MM**

Debt: **$0.0 MM**

Avg. Daily Trading Volume (5 day): **408,943**

Company Description:

Kuya Silver is restarting the high-grade Bethania silver mine in Peru, having acquired the asset from local owners. Kuya will be constructing a standalone mill (vs. toll-milling in the past) while stepping out drilling from the resource along strike and at depth. The company recently completed an RTO via Miramont Resources.

Disclosure statements located on pages 25 – 26 of this report

Unless otherwise denoted, all figures shown in US$
We are using a $0.75 US$/C$ conversion rate

Kuya is acquiring 80% of the past producing and high-grade Bethania silver underground mine in Peru from its previous operators (a local family). Injecting new capital (C$13 MM raised pre-RTO), Kuya will be constructing a standalone 350 tpd mill (greatly improving production/costs vs. toll-milling in the past) while stepping out drilling along strike and at depth (relatively low risk exploration, in our view). Exploration in the past was capital constrained and limited to channel sampling near existing workings, with the known veins open for expansion. Kuya recently completed an RTO via Miramont Resources and began trading on October 7th, 2020.

Kuya stands to be one of few publicly traded primary silver producers, with nearly 70% of LOM revenues derived from silver itself. This rarity should demand a premium, especially being in a top mining jurisdiction (Peru).

For $10-15 MM in capex, Kuya is on track to restart production by as early as late 2021, which could serve as a springboard for growth into a larger (potentially multi-asset) silver producer. We currently model 1.7 MMoz Ag per year (for 7 years) at $11/oz AISC, toward the lower end of peers. This assumes a degree of exploration success; however, we believe the ultimate potential could be greater, further still if adjacent claims are accessed.

Upcoming catalysts include a 43-101 compliant resource by early 2021, a PEA in Q1/21, exploration drilling in 2021, and production by 2022. Shares trade at 0.61x our fully financed NAV, well below peers, and we see room for a re-rating as Kuya executes on this path. Longer term growth plans include M&A and/or expanding Bethania further.

We are initiating coverage with a Buy (S) rating and a C$2.25 target (based on a 1.0x NAV multiple at $24/oz silver).

Prepared by Cormark Securities Inc.

Investment Highlights

Executive Summary

Near-Term, Low-Cost Silver Production in Peru: Kuya is acquiring 80% of the past producing and high-grade Bethania silver mine in Peru (~80 tpd in peak year) from its previous operators (a local family). Injecting new capital (C$13 MM raised pre-RTO), Kuya will be constructing a standalone 350 tpd mill (greatly improving production and costs vs. toll-milling in the past) while stepping out drilling from the resource along strike and at depth (relatively low-risk expansion, in our view). The company recently completed an RTO via Miramont Resources.

Above Average Leverage to Silver: Kuya will be one of few publicly traded primary silver producers, with nearly 70% of LOM revenues derived from silver. See Figure 3.

Bethania – Restarting Production with Standalone Mill; Deposit Open for Expansion

- **Past-Producing:** Bethania mined >1.4 MMoz of silver from 2010-2016 (377 koz in 2014) before being placed on care & maintenance due to closure of the nearby mill which it relied on for toll processing and financial issues at the previous owner. The orebody and its mining/processing methods are well understood.
- **Safe Jurisdiction (Peru):** Peru is the world's 2nd largest producer of both silver and copper – ranking highly as a mining jurisdiction on the Fraser Institutes' annual list.
- **Low Capex Restart Nearly Permitted:** With only construction permits remaining, Kuya is on track to restart production by late 2021 for $10-15 MM in initial capex, including a standalone 350 tpd mill (vs. toll-milling at <80 tpd in the past).
- **Low-Cost, Near-Term Production:** By 2022 we model a mine producing ~1.7 MMoz Ag/yr at ~$11/oz AISC for 7 years. This assumes a degree of exploration success; however, we believe the ultimate potential could be greater. The historic resource (2016) is 8.3 MMoz Ag (11.7 MMoz AgEq).
- **Underexplored by Past Owners:** Exploration by past operators was capital constrained and limited to channel sampling near existing workings, with no step-outs. In 2021 Kuya will step-out the known veins along strike and at depth, where they remain open as shown by observations underground. Ultimately, we see the potential for the two ~500 m long major veins to extend across the entire ~1.5 km concession as well as at depth. We consider this "low hanging fruit" and see further upside if Kuya gains access to the surrounding concessions. See Figure 23.

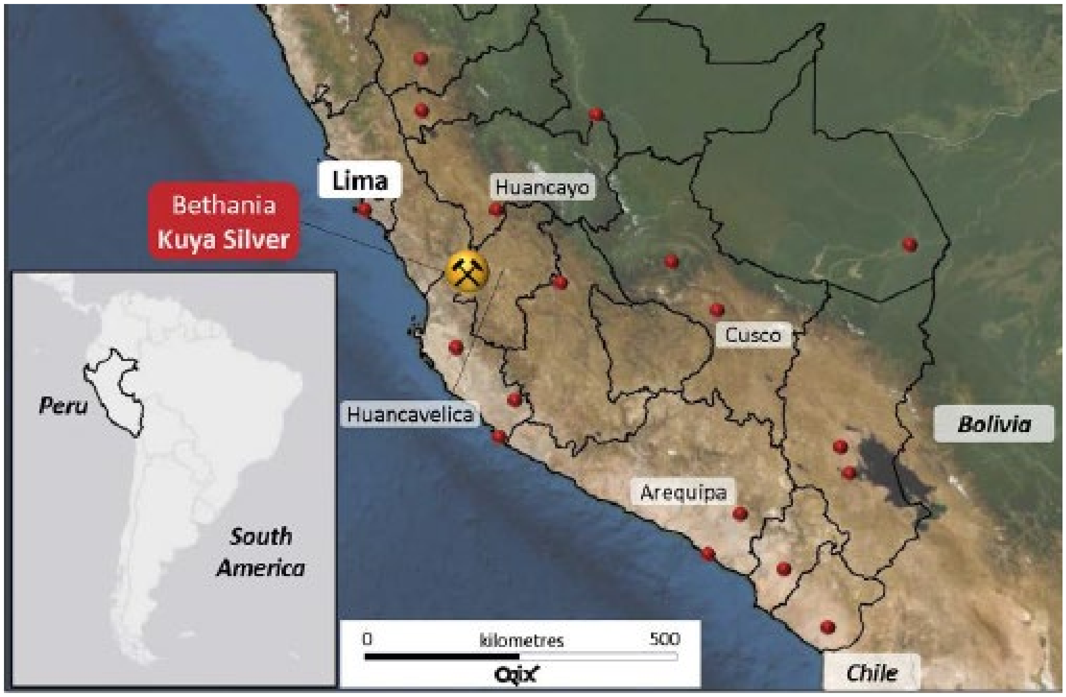
Springboard for M&A: Kuya intends to use Bethania as a springboard to build a multi-asset, growth-oriented silver producer. We believe the company will look to acquire similar assets in the Americas (high-grade, smaller-scale mines from local owners) and/or expand Bethania further (to ~500 tpd?) depending on exploration success.

High Insider Ownership: Management is highly aligned with shareholders, with founder and CEO David Stein owning 27% of shares outstanding. Other key shareholders include Commodity Capital at 9% and Eric Sprott at 6%.

Catalysts & Re-Rate Potential: We expect a 43-101 compliant resource by early 2021, a PEA in Q1/21, exploration drilling in 2021, and production by 2022.

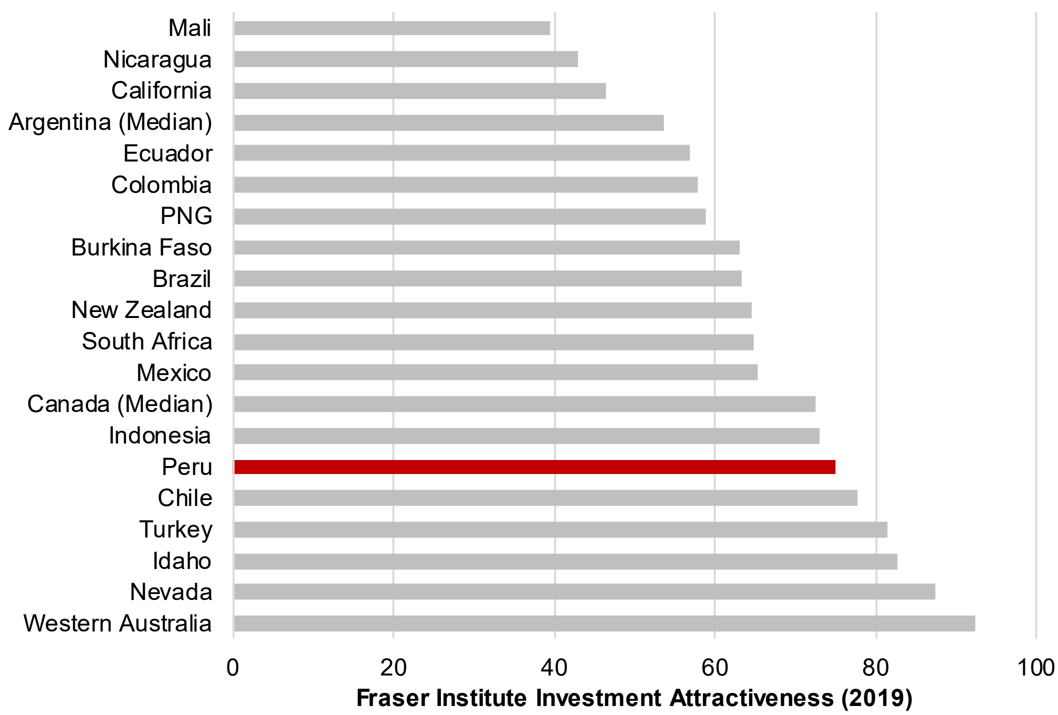
Valuation: Shares trade at just 0.61x our fully-funded NAV at $24/oz silver, well below silver producer peers at >1x NAV on average (see Figure 10).

Figure 1 **Bethania Location**



Source: Kuya Silver

Figure 2 **Peru Is A Top Mining Jurisdiction**



Source: Cormark Securities, Fraser Institute

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Bethania Overview

Past-Producing Underground Silver Mine: Bethania mined >1.4 MMoz of silver from 2010-2016 (377 koz/~80 tpd in 2014) before being placed on care & maintenance due to closure of the nearby plant which it relied on for toll-milling and financial issues at the previous owner.

Safe Jurisdiction (Peru): The mine is located in central Peru, with Peru being the world's second largest producer of both silver and copper – ranking highly as a mining jurisdiction on the Fraser Institutes' annual list.

Kuya to Acquire 80% of Mine: Kuya has entered into an agreement to acquire 80% of Bethania from the Soria family (previous operators) for total consideration of $10 MM including $2 MM in project expenditures and $2 MM in shares. Final payments will be made shortly, and as of July 2020 Kuya had made $3.86 MM in payments.

Historic Resource: As of 2016, Bethania had a non 43-101 compliant (historic) resource of 8.3 MMoz silver at 573 g/t plus lead, zinc, copper and gold by-products (11.7 MMoz silver-equivalent at 834 g/t). Kuya intends to publish a 43-101 resource by early 2021.

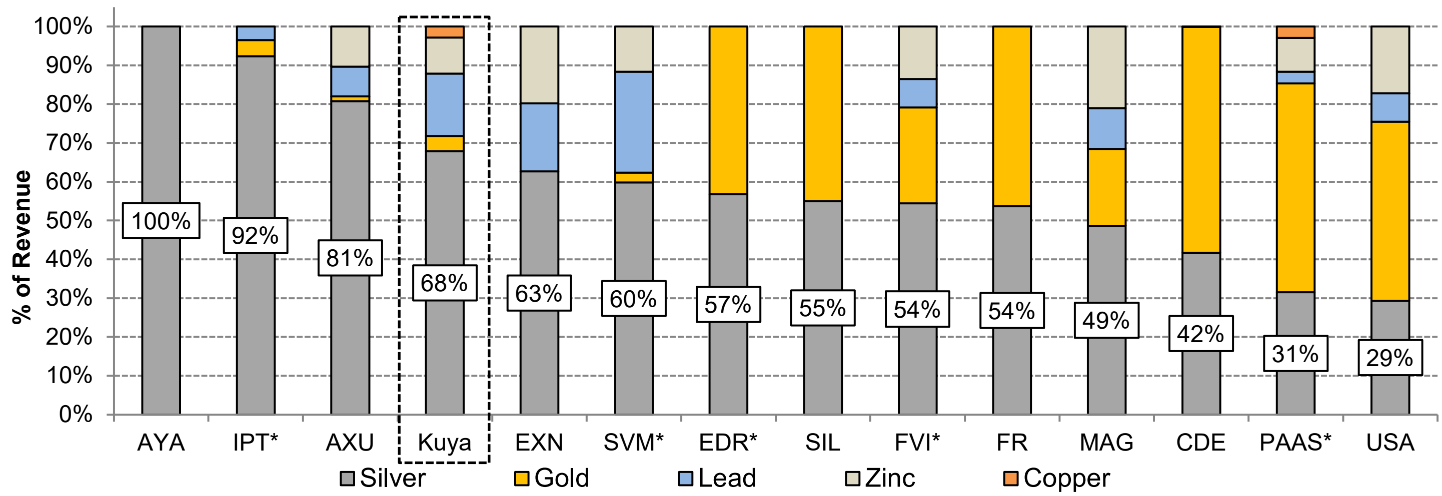
Building a Standalone Mill and Restarting Production: For $10-15 MM in capex, Kuya intends to restart production at Bethania with the construction of a 350 tpd mill. The mill has already received environmental approval and only requires construction permits to proceed. Construction could begin as early as late Q1/2021, following a PEA, which could lead to production by as early as late 2021. We expect the standalone mill to improve the operation significantly by expanding production by over 300%, eliminating toll-milling/trucking charges, improving recoveries, and processing copper/gold for the first time. Due to the past production, the mine and orebody are well understood.

Underexplored by Past Owners; "Low Hanging Fruit" Along Strike and at Depth: Exploration by past operators was capital constrained and production focused, limited to channel sampling near existing workings with no step-outs. By 2021 Kuya intends to conduct exploration aimed at extending the known veins (11 in total, 2 major) along strike and at depth where they remain open, as made evident from observations underground. We see the potential for the ~500 m long major veins to extend across the entire ~1.5 km concession as well as at depth, noting that deposits of this type have been known to extend over >1 km deep (current resource depth ~330 m). We consider this relatively low-risk exploration, and note that company has a 20-25 MMoz silver internal target. We see upside beyond the current concession if Kuya gains access to the surrounding claims, especially to the west (where the deposit is currently constrained). See Figure 23.

Expected to Produce ~1.7 MMoz Ag per Year at ~$11/oz AISC: We model a 7-year life producing ~1.7 MMoz silver per year at $11/oz AISC, delivering a $69 MM NPV5% at our assumed metal prices (less final earn-in payments). This assumes a mining inventory of 20.7 MMoz AgEq (vs. the historic resource at 11.7 MMoz AgEq) based on a 100% increase in tonnage but lower (diluted) head grades (738 g/t AgEq vs. 834 g/t AgEq), including the addition of copper and gold by-products. See Figure 21.

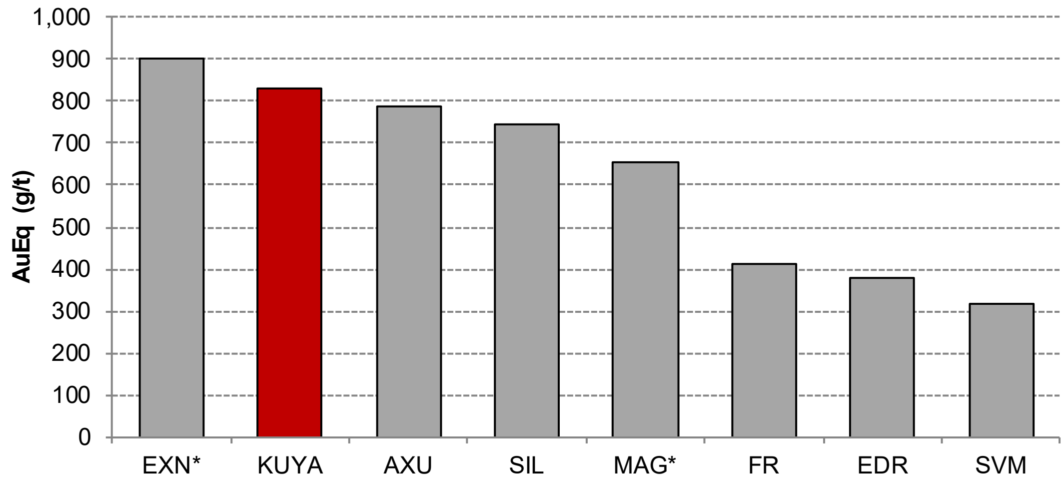
Key Risks: We believe COVID-19, financing, and the wet season (Dec-March) are the largest risks to the timing of a production restart. The largest technical unknowns are related to the processing of copper and gold, which has not been done in the past (these account for 7% of revenues in our model). The largest risk in our view is the ramp-up to mining at 350 tpd (vs. peak of ~80 tpd in 2014).

Figure 3 **High Silver Exposure - Few Silver Focused Producers**



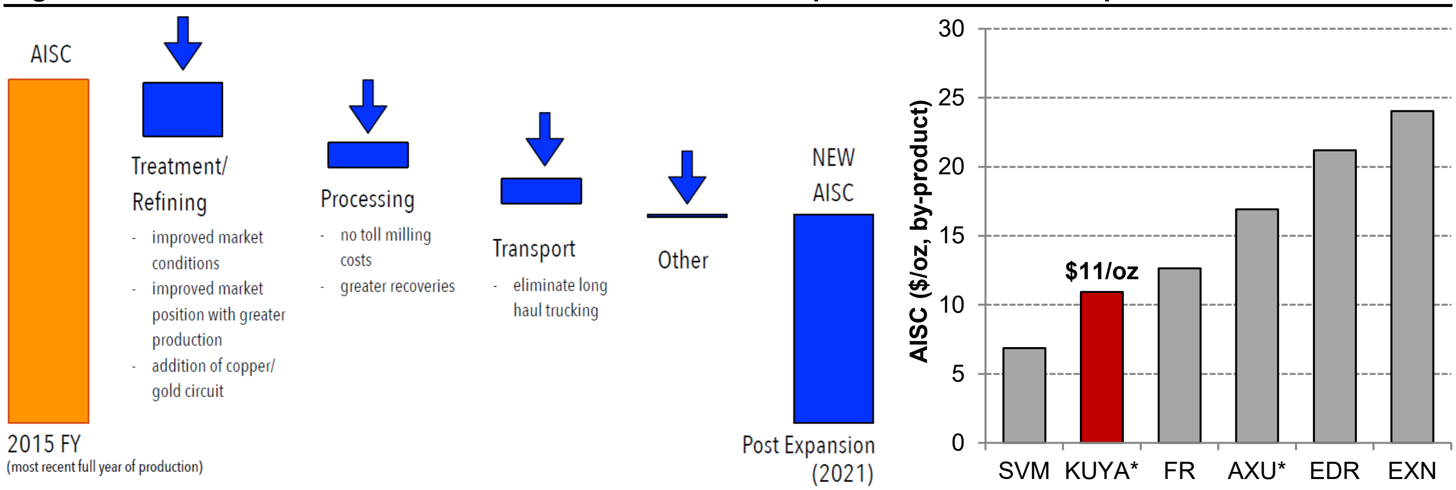
*2019 actuals, otherwise Cormark LOM estimates
Source: Comark Securities, Company reports

Figure 4 **Kuya (Bethania) Resource Grade vs. Peers**



*Main project resource grade, otherwise company total. Cormark price deck assumed for equivalent grade.
Source: Company reports, Cormark Securities

Figure 5 **Low AISC – Standalone Mill to Improve Costs vs. Past Operations**



*Cormark LOM estimate, otherwise 2019 actual.
Source: Company reports, Cormark Securities

Figure 6 **Bethania Historic Resource (2016)**

	Tonnes	Ag g/t	Pb %	Zn %	Ag MMoz	Pb MMlb	Zn MMlb	AgEq g/t	AgEq MMoz
Reserves	79,722	540	4.47	2.81	1.38	7.86	4.94	760	1.95
Resources	355,491	605	5.44	2.76	6.91	42.63	21.63	851	9.72
Total Resources	**435,213**	**593**	**5.26**	**2.77**	**8.30**	**50.49**	**26.57**	**834**	**11.67**

Source: Kuya Silver, Cormark Securities

Management And Key Shareholders

Management is highly aligned with shareholders, with founder and CEO David Stein owning 27% of shares outstanding. Other key shareholders include Commodity Capital at 9% and Eric Sprott at 6% (who first invested in mid-2019).

David Stein spent the first nearly 20 years of his career in the capital markets, focused on mining equities and including several years as an equity research analyst at Cormark Securities. More recently, Stein was President and CEO of Aberdeen International, a mining-focused merchant bank which led various private equity and public mandates. Stein's educational background is in geological engineering and geology.

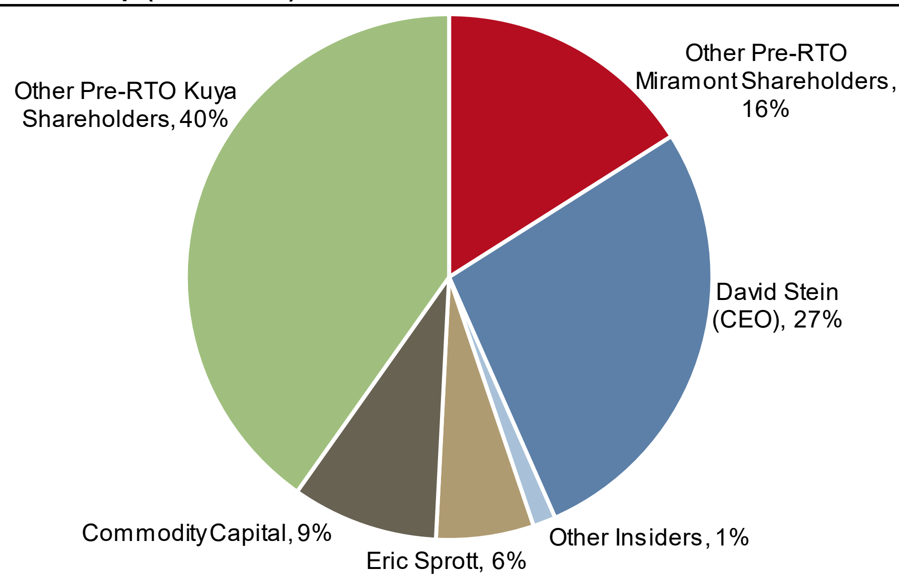
Onsite operations will be led by Christian Aramayo, a mining engineer based in Lima with more than a decade of mining experience (including at Kinross, involved in the sale of Fruta del Norte in Ecuador). Erika Soria, of the Soria family, will remain involved on a consultancy basis, assisting in commercial/administrative affairs and assisting in communications with the local community.

The board includes Quinton Hennigh as Chairman (formerly Chairman of Miramont and also President and Chairman of Novo Resources and a director of multiple publicly traded mining companies).

Balance Sheet

Post the RTO, Kuya has ~$10 MM in cash and just $0.16 MM in liabilities. The 2020 drilling program is expected to cost ~C$1 MM, followed by $10-15 MM in restart capex in 2021 and up to $1 MM per quarter in exploration. We expect another small equity raise prior to construction (early 2021). We model an additional C$15 MM raise (at C$1.20/sh), which may prove conservative.

Figure 7 **Share Ownership (% of Basic)**

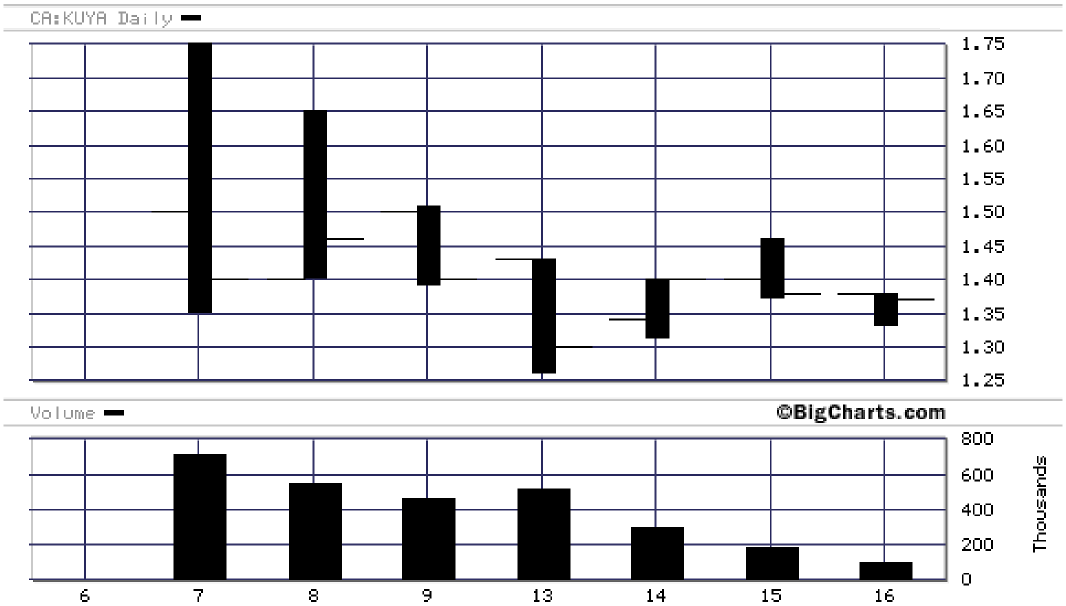


Source: Company reports, Cormark Securities

Upcoming Catalysts

- Resource update (by early 2021)
- PEA (Q1/21)
- Restart of operations / construction of standalone mill (2021)
- Exploration drilling (2021)

Figure 8 **Kuya Silver Price Chart (C$)**



Source: BigCharts.com (October 16, 2020)

Valuation

Initiating Coverage With Target Price Of C$2.25

Our C$2.25 target price is generated using a 1.0x P/NAV multiple at our assumed metal prices. The target represents upside of 64% and justifies our Buy (S) rating. Our NAV of C$2.26 (see Figure 9) is based on the assumptions below. At spot prices our NAVPS is C$2.27.

- Price assumptions: $24/lb silver, $1.00/lb lead, $1.15/lb zinc, $1,900/oz gold, $3.00/lb copper
- FX assumptions: 0.75 USD/CAD
- We calculate an NPV5% of $69 MM for Bethania. Our model assumes a near 100% increase in the historic resource for our mining inventory. Our diluted head grades, recoveries, and costs/capex are based on discussions with Management (with a degree of conservatism added). Overall, we model ~1.7 MMoz silver per year at $11/oz AISC (by-product). We assume the Soria family's 20% ownership is diluted to the 5% free-carried interest. See Figure 21.
- To complete the earn-in agreement for 80% of Bethania, Kuya has remaining $4.14 MM in payments/expenditures and 3.67 MM shares to be issued to the Soria family shortly after the RTO.
- As of its most recent disclosure, Kuya has ~$9.8 MM cash and $0.155 MM in liabilities.
- Post-RTO, the company has 32.34 MM shares outstanding. On a diluted basis we estimate 50.4 MM shares, including 12.5 MM shares to be issued prior to the production restart/mill construction (C$15 MM in proceeds at C$1.20/sh).

We show a number of sensitivity tables, showing the effect of the silver price, CAD:USD, and financing assumptions on our NAV. See Figures 11-13.

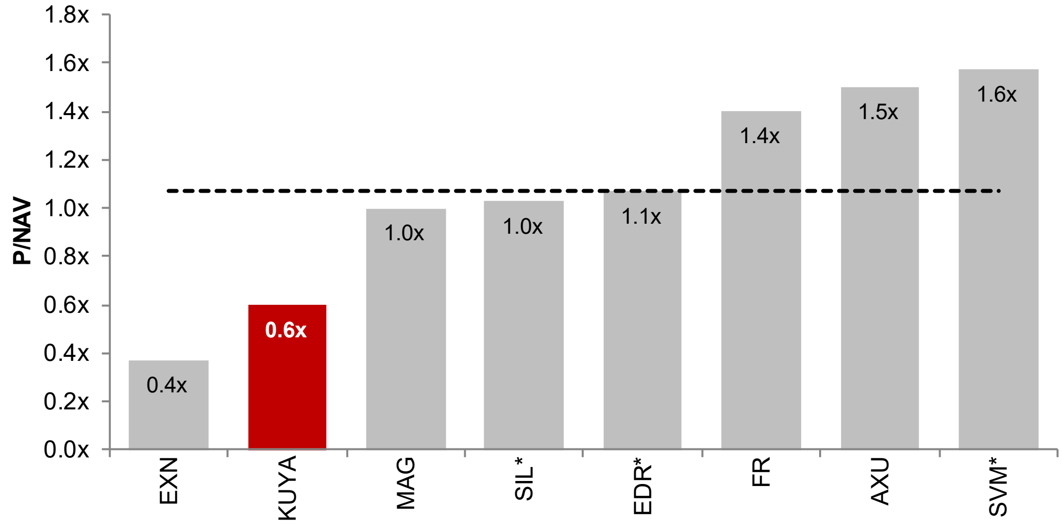
Kuya trades at just 0.61x our NAV, at the low end of silver producer peers.

Figure 9 **NAV Summary (at $24/oz)**

	$MM	$/sh
Bethania, Peru (80%)	**$68.6**	**$1.36**
Cash & Cash Equivalents	$9.8	$0.19
Current Liabilities	($0.2)	($0.00)
Remaining Earn-In Payments/Expenditures	($4.1)	($0.08)
Proceeds from ITM Options/Warrants At Target	$0.0	$0.00
Estimated Future Equity Financing Proceeds	$11.3	$0.22
Debt	$0.0	$0.00
Net Asset Value (USD)	**$85.4**	**$1.69**
Net Asset Value (CAD)	**C$113.9**	**C$2.26**
Shares Outstanding (MM)	32.3	
Shares to Acquire 10% of Mine	3.7	
Shares from ITM Options/Warrants at Target	1.9	
Estimated Future Equity Financing Shares Issued	12.5	
FD ITM Shares Outstanding at Target	50.4	
KUYA.CD Share Price (CAD)	**C$1.37**	
P/NAV	0.61x	

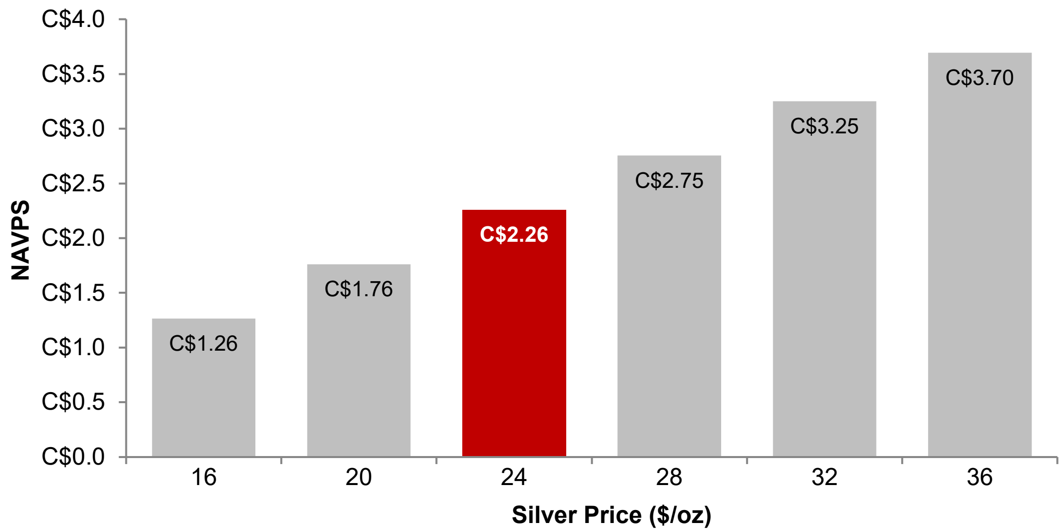
Source: Cormark Securities Inc.

Figure 10 **Silver Producer/Developer P/NAV Valuation Comparison (at $24/oz)**



*Consensus estimate (otherwise, Cormark estimate)
Source: Cormark Securities Inc., S&P Global

Figure 11 **NAVPS Sensitivity to Silver Price**



Source: Cormark Securities Inc.

Figure 12 **NAVPS Sensitivity to Silver Price & USD:CAD**

USD:CAD	Silver Price ($/oz) 16	20	24	28	32	36
0.65	C$1.37	C$1.95	C$2.52	C$3.09	C$3.67	C$4.18
0.70	C$1.32	C$1.85	C$2.38	C$2.91	C$3.44	C$3.92
0.75	C$1.26	C$1.76	**C$2.26**	C$2.75	C$3.25	C$3.70
0.80	C$1.22	C$1.69	C$2.15	C$2.62	C$3.08	C$3.50
0.85	C$1.18	C$1.62	C$2.06	C$2.50	C$2.93	C$3.33
0.90	C$1.15	C$1.56	C$1.97	C$2.39	C$2.80	C$3.17
0.95	C$1.12	C$1.51	C$1.90	C$2.29	C$2.68	C$3.03

Source: Cormark Securities Inc.

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Figure 13 **NAVPS Sensitivity to Financing Assumptions**

Financing Price	Equity Raised (C$) 15	20	25
C$0.9/sh	C$2.09	C$1.98	C$1.89
C$1.0/sh	C$2.15	C$2.05	C$1.97
C$1.1/sh	C$2.21	C$2.12	C$2.04
C$1.2/sh	**C$2.26**	C$2.18	C$2.11
C$1.3/sh	C$2.30	C$2.23	C$2.17
C$1.4/sh	C$2.34	C$2.28	C$2.22
C$1.5/sh	C$2.38	C$2.32	C$2.27
C$1.6/sh	C$2.41	C$2.36	C$2.31

Source: Cormark Securities Inc.

Notable Risks

Technical/Operational Risk. Mining operations are subject to unforeseen risks such as labor strikes, rock bursts, geological interruptions, and equipment failure, all of which may negatively affect a company's performance. Ore reserve and resource risk is another technical risk that is derived from the subjective nature of geological interpretation. Competent, qualified personnel calculate ore reserves and resources, and in most cases have a high accuracy, but any significant variation on reserves could drastically impact a company's operations and the value of its shares.

Bethania (80%), Peru

Asset Overview

Location: Bethania is a past producing primary silver mine (UG) in the high Andes in central Peru, 70 km SW of Huancayo and 316 km by road from Lima. The main Santa Elena concession (Bethania mine) covers 45 ha. Nearby operations include Minera IRL's gold heap leach Corihuarmi mine ~10 km to the NW. Peru is one of the world's top mining jurisdictions, producing the 2nd most silver and the 2nd most copper globally.

Ownership: Kuya has entered into an agreement to acquire 80% of Bethania from the Soria family for total consideration of $10 MM including $2 MM in project expenditures and $2 MM in shares. Final payments will be made shortly, and as of July 2020 Kuya had made $3.86 MM in payments. Soria's 20% ownership is participating and can be diluted down to a 5% carried interest (which is our assumption).

History: Modern mining at Bethania began in 1977. Most recently, the mine was operated by S&L Andes (owned by the Soria family) from 2010-2016 before being placed on care and maintenance due to closing of the nearby plant used for toll-milling, financial issues at S&L, and the intention to build a standalone processing plant. In October 2017 Kuya entered into the earn-in agreement. The mine produced >1.4 MMoz Ag from 2010-2016 and has over 6,000 m in underground horizontal development.

Resources: As of 2016, Bethania had a non 43-101 compliant (historic) resource of 8.3 MMoz silver at 573 g/t plus lead, zinc, copper and gold by-products (11.7 MMoz silver-equivalent at 834 g/t). Copper and gold were not assayed in the past. Kuya will be drilling 5,000 m in 2020 to update the resource to 43-101 compliance by early 2021.

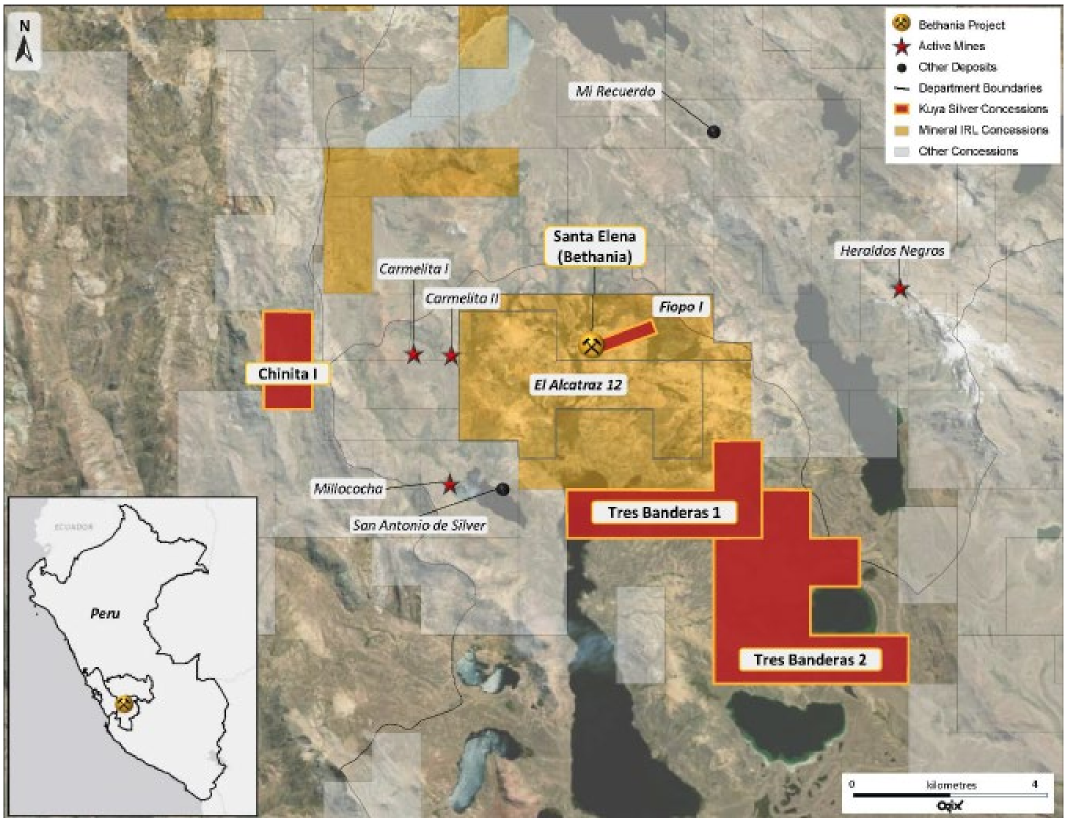
Production Restart; Standalone Mill: For $10-15 MM in capex, Kuya intends to restart production at Bethania with the construction of a 350 tpd mill. The mill has already received environmental approval and only requires construction permits to proceed. Construction could begin as early as late Q1/2021, following a PEA, which could lead to production by as early as late 2021. We expect the standalone mill to improve the operation significantly by expanding production by over 300%, eliminating toll-milling/trucking charges, improving recoveries, and processing copper/gold for the first time. Due to the past production, the mine and orebody are well understood. The mine will produce three concentrates (silver-lead, zinc, and copper-gold-silver).

Social License: We understand that the mine has a strong social license, with the recently approved EIA for the plant requiring community consultations. We believe the remaining ownership of the Soria family will aid in the transition to a foreign-owned operation, with one member of the family (Erika Soria) staying on as a consultant.

Exploration Upside: Exploration by past operators was capital constrained and production focused, limited to areas near existing workings with no step-outs. By 2021 Kuya intends to conduct exploration aimed at extending the known veins (11 in total, 2 major) along strike and at depth where they remain open, as made evident from observations underground. We see the potential for the ~500 m long major veins to extend across the entire ~1.5 km concession as well as at depth, noting that deposits of this type have been known to extend over >1 km deep (current resource depth ~330 m). We consider this relatively low-risk exploration, and note that company has a 20-25 MMoz silver internal target. We see upside beyond the current concession if Kuya gains access to the surrounding claims, especially to the west (where the deposit is currently constrained).

Valuation: We model a 7-year life producing ~1.7 MMoz silver per year at $11/oz AISC, delivering a $69 MM NPV5% at our assumed metal prices (less final earn-in payments). This assumes a mining inventory of 20.7 MMoz AgEq (vs. the historic resource at 11.7 MMoz AgEq) based on a 100% increase in tonnage but lower (diluted) head grades (738 g/t AgEq vs. 834 g/t AgEq), including the addition of copper and gold by-products. Our diluted head grades and recoveries are based on our discussions with Management, as are our costs (where we have added a degree of conservatism). See Figure 21.

Figure 14 **Santa Elena (Bethania) Concession**



Source: Kuya Silver

History

- **1600s-1989:** Mining on the property began by the Spanish in the 1600s, while modern mining of the major veins at Bethania began in 1977 and ran through to 1988 until political issues in Peru led to a suspension of operations. S&L Andes Export (S&L) acquired the mine in 1989.
- **2008:** Production restarted on a small (selective) scale in 2008, focused on the main veins, producing ~60 tpm at up to 930 g/t Ag.
- **2010-2016:** In 2010, S&L began operations, trucking ore to nearby mines for toll-milling. The mine was expanded to 100 tpd in 2014, reaching up to 3,000 tpm at peak. In total, S&L mined 91,000 tonnes at 498 g/t Ag (1.46 MMoz) over this time. In its final years, ore was toll-milled at the Azulcocha Zinc mine which ceased operation in 2016, precipitating Bethania to be placed on care and maintenance (in addition to financial issues at S&L).
- **2017-Present:** In October 2017 Kuya entered into an agreement to acquire up to 80% of S&L (incl. Bethania) for total consideration of $10 MM (more details below). The earn-in to 80% is expected to be complete by April 30, 2021.

Figure 15 **Historic Production (2010-2016, Toll-Milling)**

Period	2010	2011	2012	2013	2014	2015	2016
Production (t)	4,100.00	6,890.00	9,136.70	21,500.00	28,789.00	17,885.00	2,717.00
Ore Grades							
Ag (Oz/Tm)	20.17	25.61	21.32	14.39	13.10	16.33	9.63
Pb	10.20%	8.51%	7.69%	3.31%	2.07%	4.05%	3.51%
Zn	1.40%	2.90%	3.26%	2.30%	1.99%	2.89%	1.29%
Lead Concentrate							
Metric Tonnes	-	-	-	1,316.52	1,044.49	949.00	288.30
Pb	-	-	-	44.08%	46.30%	55.13%	46.07%
Ag (Oz/Tm)	-	-	-	155.81	244.80	187.96	145.23
Au (Gr/Tm)	-	-	-	3.23	6.03	3.94	3.20
Zinc Concentrate							
Metric Tonnes	-	-	-	347.73	524.96	695.52	81.26
Zn	-	-	-	34.97%	48.77%	49.90%	45.49%
Ag (Oz/Tm)	-	-	-	18.35	29.54	26.02	23.28

Source: Kuya Silver

Ownership

In October 2017 Kuya entered into an agreement to acquire up to 80% of S&L Andes Export, 100% owner of the Bethania mine and nearby concessions, for total consideration of $10 MM consisting of:

- $2 MM project expenditures (development, exploration, deal costs, G&A, etc.)
- $2.5 MM toward repayment of existing debts and liabilities
- $3.5 MM in deferred payment (cash)
- 2 MM shares at $1.00/sh (3.67 MM post-RTO) on closing of acquisition

The final payments must be made by April 30, 2021. As of July 31, 2020, Kuya had made $3.86 MM in expenditures towards the agreement.

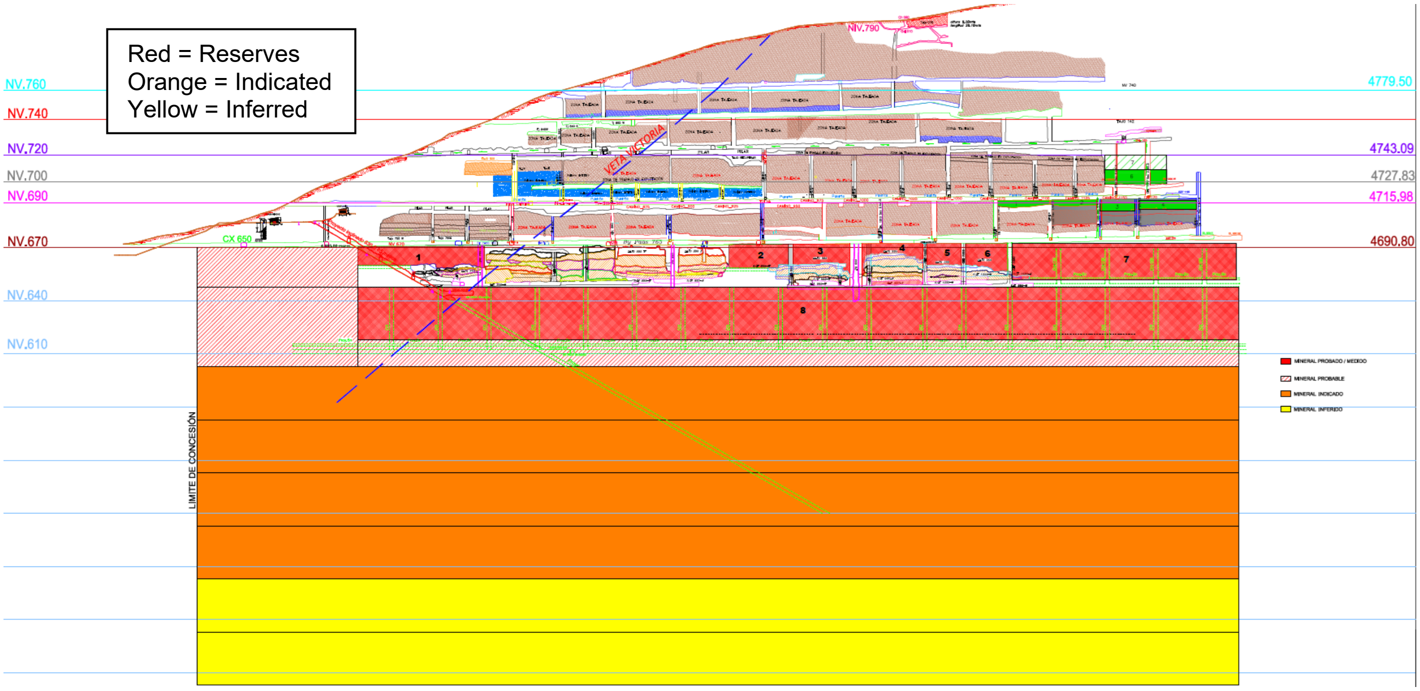
The Soria family will retain ownership of 20% of the property which, post earn-in, is fully participating and must provide capital or be diluted to a 5% carried interest. We expect the Soria minority interest will be diluted to the 5% minimum.

Figure 16 **Bethania Historic Resource (2016)**

	Tonnes	Ag g/t	Pb %	Zn %	Ag MMoz	Pb MMlb	Zn MMlb	AgEq g/t	AgEq MMoz
Reserves	79,722	540	4.47	2.81	1.38	7.86	4.94	760	1.95
Resources	355,491	605	5.44	2.76	6.91	42.63	21.63	851	9.72
Total Resources	**435,213**	**593**	**5.26**	**2.77**	**8.30**	**50.49**	**26.57**	**834**	**11.67**

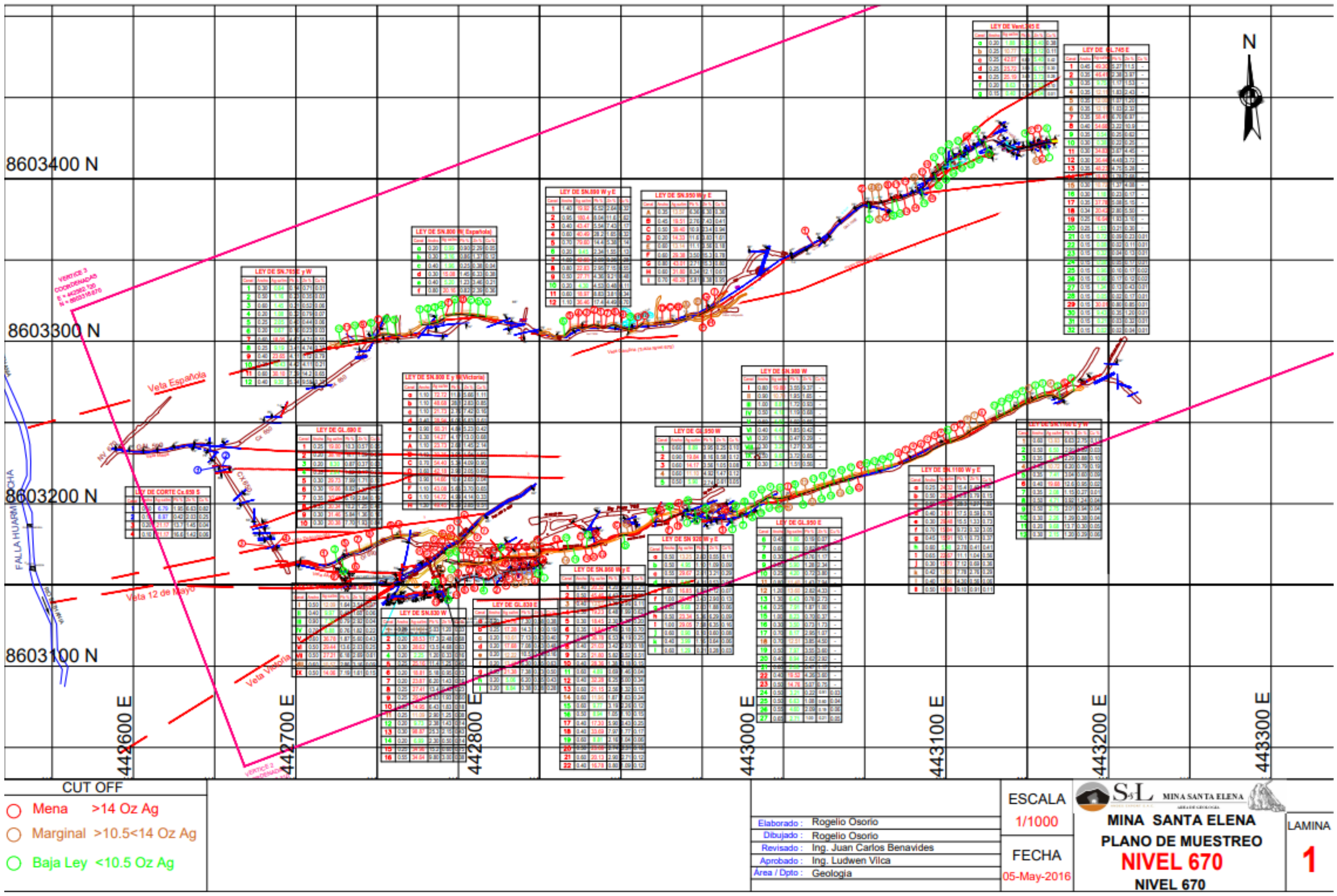
Source: Kuya Silver

Figure 17 **Long-Section of Underground Workings and 12 de Mayo Vein**



Source: Kuya Silver

Figure 18 **Plan View (Level 670 m) Showing Two Main Veins (12 de Mayo and Espanola)**



Source: Kuya Silver

Reserves & Resources

While Bethania has no 43-101 compliant resource, S&L completed internal resource and reserve calculations which are considered "high quality and reliable". Bethania has a historic (2016) resource of 8.3 MMoz at 593 g/t Ag (including 1.38 MMoz at 540 g/t Ag in reserves) plus lead, zinc, gold and copper by-products. At our assumed metal prices, Bethania has a silver-equivalent historic resource of 11.7 MMoz at 834 g/t AgEq. Silver accounts for 71% of the resource by value.

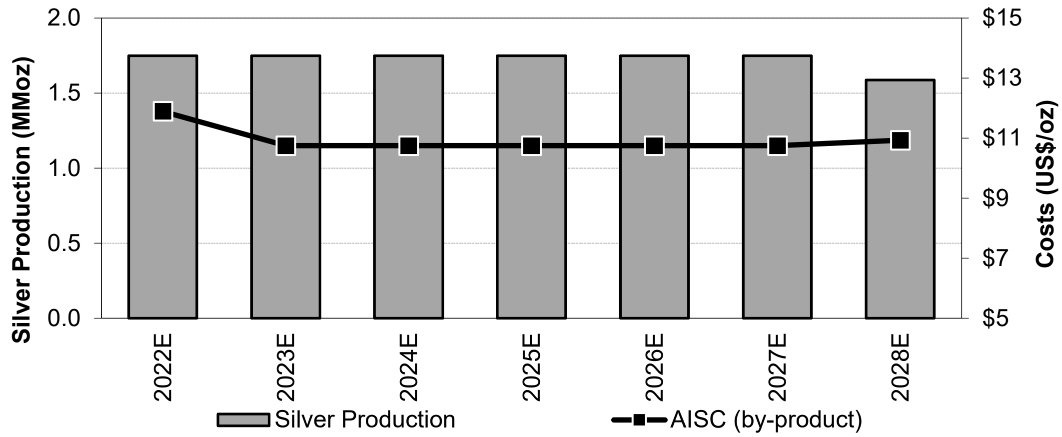
As of 2013, Bethania also had historical stockpiles totaling 326,850 oz Ag plus by-products (~460,000 oz AgEq).

In the past, copper and gold were assayed only intermittently and excluded from the resource calculation. Non-systemic sampling and assaying has suggested copper and gold grades of 0.25-0.4% Cu and up to 1.0 g/t Au, respectively. We assume head grades of 0.78 g/t Au and 0.4% Cu in our model.

Mineral reserves include material that is immediately accessible to existing workings (mainly remnant ore in the upper 150 m of the mine). Resources extend up to 180 m below the lowest level of reserves.

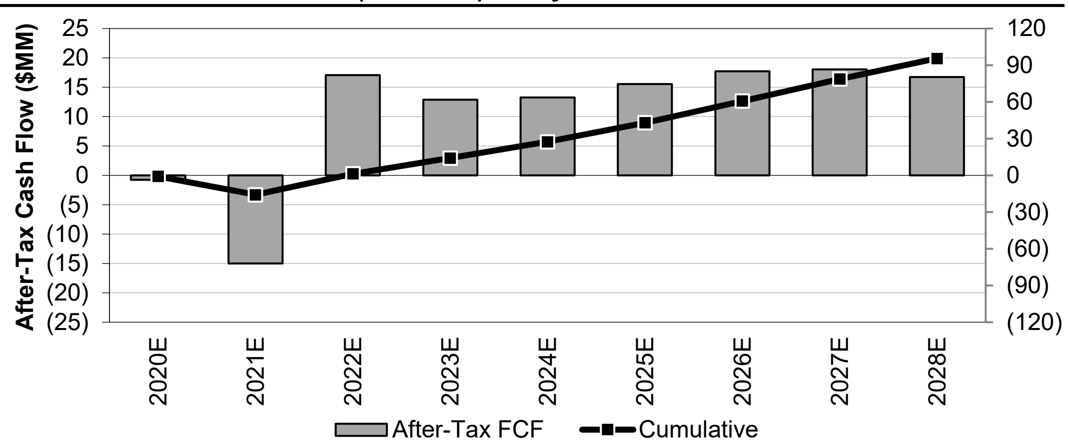
A compliant resource update is expected by early 2021.

Figure 19 **Bethania Production and Cost Profile – 100% Basis**



Source: Cormark Securities

Figure 20 **Bethania Cash Flow Profile (at $24/oz) – Kuya Attributable**



Source: Cormark Securities

Restart & Mine Plan

Rapid, Low-Capex Path to Production: For $10-15 MM in capex, Kuya plans on restarting operations at Bethania. This includes the construction of a standalone mill onsite (for the first time), a TSF, and underground development/rehabilitation. Management expects construction could start by late Q1/2021, with a 6-month construction timeline and production by as early as late 2021. COVID-19, financing, and the wet season (December-March) are the main risks to this timeline.

Standalone Mill to Lower Costs (vs. Toll-Milling), Improve Recoveries, and Add Copper-Gold Circuit: Included in the $10-15 MM restart capex is the construction of a standalone 350 tpd processing facility at Bethania (environmental permits already received). With this, Kuya expects to reduce AISC to ~$11/oz (from >$16/oz in 2015) by eliminating toll-milling/trucking charges, adding a copper/gold circuit (previously neither were recovered), improving recoveries vs. toll-milling, and increasing economies of scale at the mine (from <80 tpd). In its production from 2010-2016, Bethania trucked ore up to 300 km for toll-milling before suspending operations when the nearby Azulcocha Zinc mine closed.

Technically Well Understood: As a past producing operation the orebody, mining methods, and metallurgy are well understood (data from toll-millers). The standalone mill will be conventional (i.e. crushing, grinding, and flotation) while underground mining will use the same method as in the past (underhand cut and fill, primarily). The mine is relatively dry and includes 6,000 m in horizontal development plus three exploration shafts. The orebody is steeply dipping. The largest unknown comes from the addition of gold and copper recovery, which has not been done by past operators.

Strong Social License; Construction Permit Remains: We understand that Kuya has a strong social license, with the recently approved EIA for the standalone plant requiring community consultations and the company having an agreement with the community with regard to the mine. We believe the remaining ownership of the Soria family will aid in the transition to a foreign-owned operation, with one member of the family (Erika Soria) staying on as a consultant. Erika managed the mine/business prior to Kuya.

Resource Update by Early 2021; PEA in Q1/2021: Kuya intends to complete a 5,000 m drilling program in time for a 43-101 compliant resource by early 2021 and a PEA by Q1/2021. Construction is expected to follow.

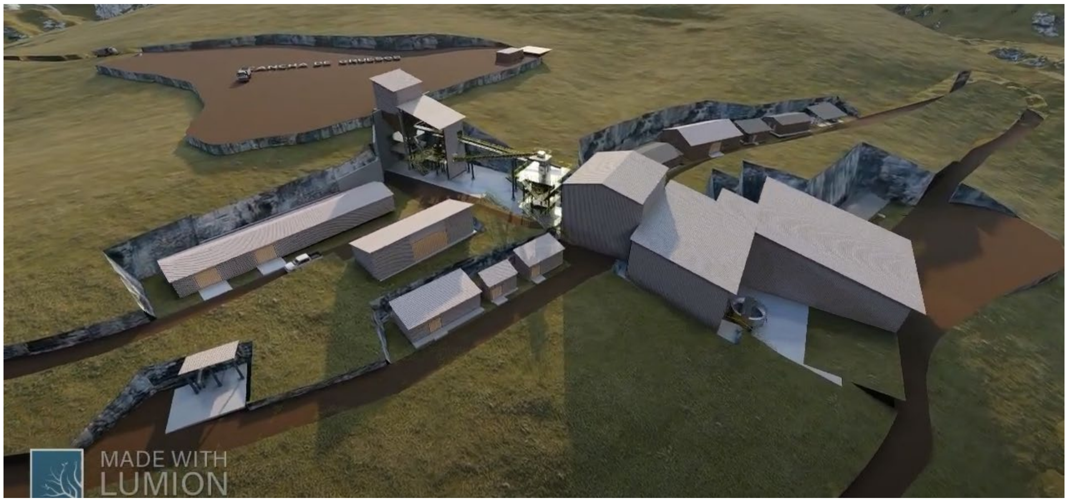
Our Model (See Figure 21): Due to what we see as low-hanging fruit with regard to exploration (see following section) we model a 100% increase over the historic resource in tonnage, representing a 7-year mine life. Our diluted head-grades and recoveries are based on our discussions with Management, as are our operating and capital costs (where we have added a degree of conservatism). While TCRCs are yet to be finalized (no existing offtake), we model them to equal ~27% of gross revenues. Overall, we model over 1.7 MMoz silver per year at $11/oz AISC, for a 7-year mine life, delivering a $69 MM NPV5% at our assumed metal prices (less final earn-in payments). We assume the Soria family is diluted down to the 5% free-carried interest.

Figure 21 **Cormark Mine Plan Overview (Pre-PEA)**

		Cormark
Production Scale		
Average Throughput	tpd	350
Mine Life	years	7
Mine Plan Inventory		
Total Proccessed Ore	Kt	870
Silver Head Grade	g/t	459
Lead Head Grade	%	3.80
Zinc Head Grade	%	2.40
Gold Head Grade	g/t	0.78
Copper Head Grade	%	0.35
Silver-Equivelent Head Grade	**g/t**	**738**
Recovered Metal		
Silver Total Recoveries	%	94
Lead Total Recoveries	%	94
Zinc Total Recoveries	%	75
Gold Total Recoveries	%	40
Copper Total Recoveries	%	60
Recovered Silver	MMoz	12.1
Recovered Lead	MMlbs	68.5
Recovered Zinc	MMlbs	34.5
Recovered Gold	000oz	8.7
Recovered Copper	MMlbs	4.0
Recovered Silver-Equivelent	MMoz	17.8
Average Annual Silver Production	**MMoz**	**1.73**
Costs		
Operating Cost	$/t	145
Operating Cost	$/oz	10.5
Total Cash Cost (by-product)	$/oz	8.9
AISC (by-product)	**$/oz**	**10.9**
Capex		
Pre-Production Capex	**$MM**	**12.8**
Exploration	$MM	17.0
LOM Sustaining Capex	$MM	16.0
Price Assumptions & Valuation		
LT Silver Price	**$/oz**	**24.0**
LT Lead Price	$/lb	1.00
LT Zinc Price	$/lb	1.15
LT Gold Price	$/oz	1900
LT Copper Price	$/lb	3.00
CAD/USD FX Rate		1.33
NPV5%	**$MM**	**69**
IRR	%	93

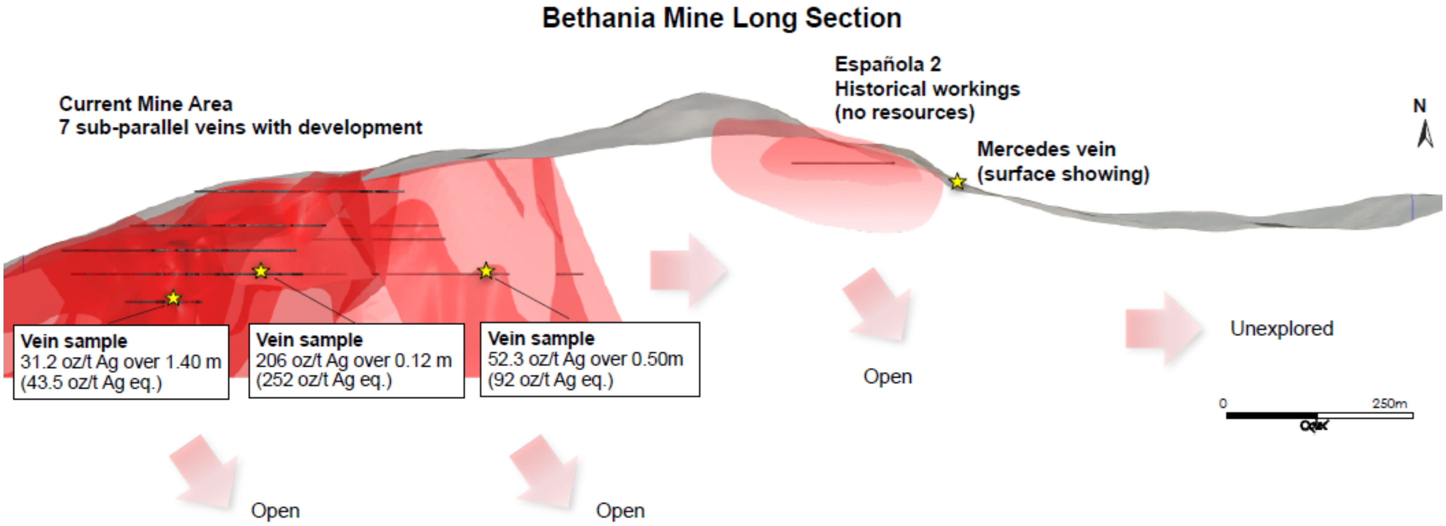
Source: Cormark Securities

Figure 22 **Planned Standalone Plant**



Source: Kuya Silver

Figure 23 **Bethania Longsection – Veins Open at Depth and Along Strike**



Source: Kuya Silver

Exploration

Geology – 11 Known Polymetallic Veins (2 Major): Bethania has been identified as a polymetallic (silver-lead-zinc-copper-gold) intermediate sulphation epithermal deposit with multiple steeply dipping (70 degrees to near-vertical) northeast trending veins, hosted in volcanics. Two major veins (Espanola and 12 de Mayo) account for the majority of past production and the historic resource (~90%), with numerous other minor and cross-cutting veins having been discovered coincident with mining. Of the 11 known veins, 6 have been the source of production in the past (and have a historic resource), 1 has not had production but does have a historic resource, and 4 have received limited exploration. The veins are known to pinch and swell, with major veins averaging 0.6 m thick (up to 1.5 m) and minor veins averaging 0.3 m thick.

Past Exploration – Limited by Capital; No Step-Outs: The focus of past exploration was on the major NE trending veins, largely from underground channel sampling with no drilling completed from 2008-present. No step-out drilling has been completed in the recent past, with exploration focused near to the existing infrastructure (resources extend 180 m below reserves, which are immediate to existing workings). Historically, exploration took place from west to east, starting near the main adits at the western edge of the concession.

Low Hanging Fruit - Veins Open Along Strike/At Depth: Both main veins (Espanola and 12 de Mayo) currently have a defined strike of ~500 m, with the potential to be delineated over the entire length of the property (1.5 km), potentially connecting with Espanola 2 to the east. This has the potential to more than triple the resource within the existing concession (more due to the fact that the top 150 m is not mined out to the east of existing workings). The minor veins, many unexplored, have the potential for a >300 m strike between the two major veins (currently all <100 m strike defined). At depth, the veins remain open and continuous as evidenced from the lowest level (4640 m) where grades and thickness of the major veins remain typical of the deposit. Currently resources extend 180 m beyond the 150 m deep workings/reserves (total ~330 m). Intermediate sulphide epithermal deposits are known to form as much as >1 km in depth. deep.

Internal Target of 20-25 MMoz Resource in Immediate Mine Area: Relative to the existing 8.3 MMoz silver resource, Management is targeting a 20-25 MMoz resource internally through near-mine step-out and step-down exploration. We see this as relatively low-risk exploration due to the fact that there is no indication that the vein structures do not continue along strike and at depth. We note that extensions along strike to the west are currently constrained by the concession footprint; however, this could be unlocked by future staking. We assume a doubling of the resource in our model.

Exploration Program: In order to update the historic resource to 43-101 compliance, Kuya will be completing a 5,000 m program (~C$ 1 MM) in 2020. Exploration will follow in 2021, targeting a pace of ~$1 MM per quarter. The top priority will be depth extensions due to the proximity to existing infrastructure.

Regional Potential: While Bethania is currently a small concession, we believe Kuya could gain access to the surrounding claims which would unlock further strike extension (especially to the west) and future regional targets (we note that Minera IRL explored the surrounding claims in the past for disseminated gold mineralization). Kuya also has the Chinita and Tres Banderas concessions, which we do not consider a priority at present.

Figure 24 **Images of Bethania**

Looking east toward the Bethania Mine (hill) and Bethania Community (valley) (442047mE, 8602871mS)

Looking west from the Bethania Mine toward historical mine workings acroos the valley (442331mE, 8602846mS)

Looking northwest from the Bethania Mine toward Bethania Community (442331mE, 8602846mS)

The Author at the 670 Bethania Mine portal, looking north (442342mE, 8602854mS)

12de Mato Vein on the 640 Level, Stope 390

Underground on the 670 Level. From left to right: Scott Jobin-Bevans (Author), Guillermo Philipps (Mine Manager/Mining Engineer) and Alejandro Garcia (S&L Andes Export S.A.C.)

Source: Kuya Silver

Appendix A: Management & Directors

David Stein President, CEO, Director	Mr. Stein is the Founder of Kuya and President since 2017. Educated with a technical background in Geology and Engineering, Mr. Stein jumped into the capital markets very early in his career, almost 20 years ago, as a mining equities analyst for a prominent Canadian broker-dealer. More recently Mr. Stein was President and CEO of Aberdeen International, where he led various private equity and public company investment mandates. Mr. Stein is a Chartered Financial Analyst and holds a Bachelor of Applied Science (Geological Engineering) and Master of Science (Geology) degrees from Queen's University.
Quinton Hennigh Chairman	Dr. Hennigh is an economic geologist with more than 25 years of exploration experience with major gold mining firms, including Homestake Mining, Newcrest Mining and Newmont Mining. Currently, Dr. Hennigh is the Executive Chairman of Miramont, President and Chairman of Novo Resources Corp and serves as a director for Irving Resources Inc., TriStar Gold Inc., Precipitate Gold Corp and NV Gold Corp.
Tyson King VP Corporate Development	Mr. King is the founder of Miramont and has been the President and CEO since 2019. Mr. King has over 10 years' experience in the management of publicly listed and privately held companies in the resource sector. He has been actively engaged in overseeing the day-to-day operations of several companies where he has held various senior officer positions throughout his career. Mr. King holds a BA in economics from the University of Calgary.
Lesia Burianyk CFO	Ms. Burianyk is the current CFO of Miramont and has over 15 years of industry experience serving as CFO for various TSX-V and CSE listed companies. Ms. Burianyk is a CPA, CA and holds a Bachelor of Business Administration degree from Simon Fraser University. Ms. Burianyk was previously employed as an audit manager at a Canadian accounting firm where she specialized in the mining industry.
Dale Peniuk Director	Mr. Peniuk is a Chartered Professional Accountant (CPA, CA) and corporate director. Mr. Peniuk has a B.Comm from the University of British Columbia and received his Chartered Accountant designation from the Institute of Chartered Accountants of British Columbia (now the Chartered Professional Accountants of British Columbia). He spent more than 20 years with KPMG LLP and predecessor firms, the last ten years as an Assurance Partner with a focus on mining companies. Mr. Peniuk currently serves as a director and Audit Committee Chair of Lundin Mining Corporation, Capstone Mining Corp., Argonaut Gold Inc. and Miramont.
Andres Recalde Director	Mr. Recalde is the Director of Mining for Common Good. His expertise is with social performance and building stakeholder confidence for the extractive industries. Mr. Recalde is Peruvian/Canadian and has worked extensively all over Latin America as a consultant, advisor and corporate director to mining companies such as Barrick Gold, Pan American Silver and Torex Gold. Mr. Recalde is also actively involved as Past President of the Peruvian-Canadian Chamber of Commerce.

Maura Lendon Director	Ms. Lendon is a seasoned, internationally experienced general counsel with over 20 years' experience in the mining and telecom industries gained after initially practicing with top Bay Street law firms. Ms. Lendon is the founder and Chief General Counsel of Scalable General Counsel, providing general counsel services to growing companies since 2019, and is currently a director of Eastmain Resources Inc. Previously, she was Chief General Counsel and Corporate Secretary of Primero Mining from 2012 to 2018. Ms. Lendon was Senior Vice President, Corporate Services, Chief Legal Officer and Corporate Secretary of Hudbay Minerals from 2008 to 2011, and prior to that was Chief Counsel, Canada and Chief Privacy Officer (Canada) of AT&T. Ms. Lendon is a graduate of the Institute of Corporate Directors – Rotman School of Management Directors Education Program (2011) and has previously served on other not-for profit and public boards. She holds a Master of Laws from Osgoode Hall Law School (2000), a Master of Business Administration from the Richard Ivey School of Business (1988) and a Bachelor of Laws from University of Western Ontario (1984).
Christian Aramayo Consultant, Engineering	Based in Lima, Peru, Christian has more than a decade of experience in the mining industry in North and South America, the Caribbean, Europe and Africa. Christian is a Partner at SIGC, and with Aerecura and Kuya Silver he lends his Latin America expertise to deal flow generation, project management and execution. Christian is Chartered Engineer (C.Eng.) with a minor in applied mathematics and is fluent in Spanish, Portuguese and English. He holds a master's degree in science from the University of Manchester (UK) in Decision Sciences and a master's degree in metallurgy.
Hector Aramayo Strategic Advisor	Mr. Aramayo, based in Lima, Peru, is an experienced civil engineer, consultant and project manager with experience in retail and industrial construction in Latin America. He is the Founder of SICG SAC, a construction contractor and management company that over the past 20+ years has built blue chip client base in Latin America.
Erika Soria Logistics/Business Development	Ms. Soria manages the commercial and administrative affairs of the Bethania mine and is the liaison with the local community. She is also well-connected in the Peruvian mining community and sources new opportunities for Kuya.

Appendix B: Risks To Target

Geopolitical Risk	This risk deals with policies such as permitting and tax laws that are managed by governments and the perceived stability and investment environment. These policies can greatly affect mining companies, and in some cases prevent mining from occurring. Generally, developing countries are seen as being riskier because of the potential of a quick change in power to drastically change policies. Developed countries have their own geopolitical risk issues, and jurisdictions with powerful environmental lobbies can also make mining or exploration difficult.
Financing Risk	Mining and exploration companies may require external capital, particularly when building new mines. In order to finance these endeavors, equity or project dilution may be taken in order to fund the equity portion of the capital costs if the project is to be developed. Shareholders may also be subordinated by lenders in order to finance a mining project.
Commodity Price Risk	Our short- and long-term commodity price assumptions are based on detailed research, and viewed to be reasonable based on current information. However, the timing and magnitude of commodity price fluctuations are always a significant risk that, in most cases, strongly affects the value of mining and mineral exploration/development companies focused on a specific commodity. Currently, the primary metal exposure for Leagold is gold.
Technical Risk	Mining operations are subject to unforeseen risks such as labor strikes, rock bursts, geological interruptions, and equipment failure, all of which may negatively affect a company's performance. Ore reserve and resource risk is another technical risk that is derived from the subjective nature of geological interpretation. Competent, qualified personnel calculate ore reserves and resources, and in most cases have a high accuracy, but any significant variation on reserves could drastically impact a company's operations and the value of its shares.
Exploration Risk	In some cases, the market may build in expectations for exploration success before the actual exploration work has taken place. In the event that results do not meet with the market's expectation, the company's shares may be negatively affected.
Cost Risk	Both capital and operating costs may be affected by changes in input prices (fuel, steel, chemicals, etc.) and by relative currency changes. The company may be at risk of unexpected cost escalation as a result of these potential threats.

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Top Pick our best investment ideas, the greatest potential value appreciation
Buy expected to outperform its peer group
Market Perform expected to perform with its peer group
Reduce expected to underperform its peer group
Tender clients are advised to tender their shares to a takeover bid
Not Rated currently restricted from publishing, or our recommendation is under review

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Additionally, our target prices are based on a 12-month investment horizon.

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I, Nicolas Dion, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

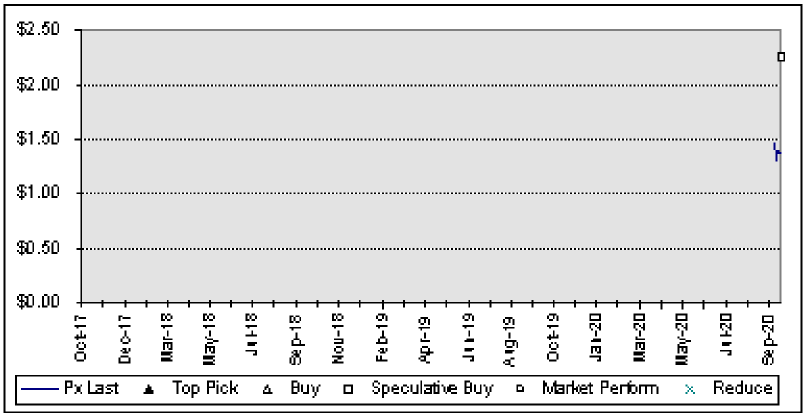
Figure 25 **Disclosure Chart**

Kuya Silver Corp.

Updated October 16, 2020

Price Chart and Disclosure Statement

*Information updated monthly on or about the 5th of each month.



Recommendation / Target Chg	
Date	C$
19-Oct-20	2.25 (B-S)

*Cormark has this percentage of its universe assigned as the following:

Buy or Top Pick	64%
Market Perform	16%
Reduce or Tender	2%
Not Rated	19%

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