SALAZAR RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2015

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

SALAZAR RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

	Note	March 31, 2015 $	December 31, 2014 $
ASSETS			
Current assets			
Cash		214,449	49,236
Amounts receivable		1,258	1,301
GST receivable		2,799	4,406
Prepaid expenses and deposits		59,785	60,405
Total current assets		278,291	115,348
Non-current assets			
Investment	4	3,045	3,915
Property, plant and equipment	5	406,554	437,403
Exploration and evaluation assets	6	19,997,765	19,595,735
Total non-current assets		20,407,364	20,037,053
TOTAL ASSETS		20,685,655	20,152,401
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	1,113,228	867,846
Advances	9	1,036,003	371,323
TOTAL LIABILITIES		2,149,231	1,239,169
SHAREHOLDERS' EQUITY			
Share capital	7	34,652,301	34,652,301
Share-based payments reserve		4,242,240	4,242,240
Deficit		(20,298,012)	(19,922,074)
Accumulated other comprehensive loss		(60,105)	(59,235)
TOTAL SHAREHOLDERS' EQUITY		18,536,424	18,913,232
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		20,685,655	20,152,401

Nature of Operations and Going Concern - See Note 1

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 29, 2015 and are signed on its behalf by:

/s/ Fredy Salazar	*/s/ Pablo Acosta*
Fredy Salazar	Pablo Acosta
Director	Director

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

SALAZAR RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended March 31 2015 $	Three Months Ended March 31 2014 $
Expenses			
Accounting and administration	8(b)	5,700	6,800
Audit		21,455	12,500
Community relations		-	662
Consulting	8(b)	56,685	45,727
Corporate development		12,336	5,106
Depreciation		21,495	22,527
Interest expense	8(b)	8,842	2,922
Legal		18,097	1,461
Office		17,186	30,643
Regulatory		1,478	1,425
Rent		3,253	4,961
Salaries and benefits	8(a)	113,090	94,673
Shareholder costs		420	1,357
Transfer agent		894	4,052
Travel		3,024	718
		283,955	235,534
Loss before other items		(283,955)	(235,534)
Other items			
Interest income		108	308
Foreign exchange		(92,091)	20,108
		(91,983)	20,416
Net loss for the period		(375,938)	(215,118)
Other comprehensive loss, net of deferred income tax		(870)	(652)
Comprehensive loss for the period		(376,808)	(215,770)
Basic and diluted loss per common share		$(0.01)	$(0.01)
Weighted average number of common shares outstanding		63,497,743	56,122,573

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

SALAZAR RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Three Months Ended March 31, 2015

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Accumulated Other Comprehensive Loss $	Total Equity $
Balance at December 31, 2014	63,497,743	34,652,301	4,242,240	(19,922,074)	(59,235)	18,913,232
Unrealized loss on investment	-	-	-	-	(870)	(870)
Net loss for the period	-	-	-	(375,938)	-	(375,938)
Balance at March 31, 2015	63,497,743	34,652,301	4,242,240	(20,298,012)	(60,105)	18,536,424

Three Months Ended March 31, 2014

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Accumulated Other Comprehensive Loss $	Total Equity $
Balance at December 31, 2013	56,122,573	33,069,377	4,242,240	(18,694,892)	(57,713)	18,559,012
Unrealized loss on investment	-	-	-	-	(652)	(652)
Net loss for the period	-	-	-	(215,118)	-	(215,118)
Balance at March 31, 2014	56,122,573	33,069,377	4,242,240	(18,910,010)	(58,365)	18,343,242

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

SALAZAR RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended March 31,	
	2015 $	2014 $
Operating activities		
Net loss for the period	(375,938)	(215,118)
Adjustments for:		
Depreciation	21,495	22,527
Interest expense	8,842	-
Foreign exchange	26,897	-
	(318,704)	(192,591)
Changes in non-cash working capital items:		
Decrease in amounts receivable	43	5,886
Decrease (increase) in GST receivable	1,607	(1,537)
Decrease (increase) in prepaid expenses and deposits	620	(42,653)
Increase (decrease) in accounts payable and accrued liabilities	223,803	(66,748)
	226,073	(105,052)
Net cash used in operating activities	(92,631)	(297,643)
Investing activity		
Expenditures on exploration and evaluation assets	(379,939)	(703,895)
Net cash used in investing activity	(379,939)	(703,895)
Financing activities		
Share subscriptions received	-	547,374
Advances received	814,187	486,267
Advances repaid	(176,404)	(127,526)
Net cash provided by financing activities	637,783	906,115
Net change in cash	165,213	(95,423)
Cash at beginning of period	49,236	177,745
Cash at end of period	214,449	82,322

Supplemental Cash Flow Information - see Note 12

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

1. Nature of Operations and Going Concern

Salazar Resources Limited (the "Company") was incorporated on July 23, 1987 under the provisions of the Company Act (British Columbia). The Company is listed and traded on the TSX Venture Exchange ("TSXV") under the symbol "SRL". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of mineral properties located in Latin America. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

The Company's material mineral properties are located in Ecuador and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

These condensed consolidated interim financial statements have been prepared on a going concern basis. As at March 31, 2015 the Company had a working capital deficit of $1,869,940 and an accumulated deficit of $20,298,012. The Company has not yet produced any revenues from its resource interests and further funds will be required to fund existing levels of overhead, planned exploration expenditures and property payments over the course of the next twelve months. In addition, exploration activities may change due to ongoing results and recommendations, or the Company may acquire additional properties, which may entail significant funding or exploration commitments. If the Company is unable to raise the necessary capital and generate sufficient cash flows to meet obligations as they come due, the Company may have to reduce or curtail its operations or obtain financing at unfavourable terms. The material uncertainty may cast significant doubt about the Company's ability to continue as a going concern. Furthermore, failure to continue as a going concern would require the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis. These condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended December 31, 2014.

Basis of Measurement

The Company's condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

(Unaudited - Expressed in Canadian Dollars)

3. Subsidiaries

As at March 31, 2015 and December 31, 2014 the subsidiaries of the Company are as follows:

Company	Location	Ownership Interest
Curimining S.A.	Ecuador	100%
Perforaciones Andesdrill S.A.	Ecuador	100%
Mariana S.A. Comador	Ecuador	100%
Salazar Resources (BVI) Limited	British Virgin Islands	100%
Mataje Colombia S.A.	Colombia	100%
Exploruminahui S.A.	Ecuador	100%

4. Investment

	March 31, 2015			
	Number of Shares	Cost $	Accumulated Unrealized Loss on Available-for-Sale Investment $	Carrying Value $
Batero Gold Corp. ("Batero")	43,500	21,750	(18,705)	3,045

	December 31, 2014			
	Number of Shares	Cost $	Accumulated Unrealized Loss on Available-for-Sale Investment $	Carrying Value $
Batero	43,500	21,750	(17,835)	3,915

As at March 31, 2015 the quoted market value of the Batero common shares was $3,045 (December 31, 2014 - $3,915).

5. Property, Plant and Equipment

	Land $	Drill Rig and Equipment $	Other $	Total $
Cost:				
Balance at December 31, 2014 and March 31, 2015	93,299	861,004	329,148	1,283,451
Accumulated Depreciation and Impairment:				
Balance at December 31, 2013	-	(431,004)	(306,169)	(737,173)
Depreciation	-	(106,342)	(2,533)	(108,875)
Balance at December 31, 2014	-	(537,346)	(308,702)	(846,048)
Depreciation	-	(29,652)	(1,197)	(30,849)
Balance at March 31, 2015	-	(566,998)	(309,899)	(876,897)
Carrying Value:				
Balance at December 31, 2014	93,299	323,658	20,446	437,403
Balance at March 31, 2015	93,299	294,006	19,249	406,554

(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets

	As at March 31, 2015			As at December 31, 2014		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Ecuador						
Curipamba	4,004,880	14,012,643	18,017,523	3,718,949	13,927,808	17,646,757
Ruminahui	509,225	99,706	608,931	505,309	99,706	605,015
Santiago	317,599	99,070	416,669	296,950	93,550	390,500
Mendez	541,937	178,953	720,890	540,758	178,953	719,711
	5,373,641	14,390,372	19,764,013	5,061,966	14,300,017	19,361,983
Colombia						
Other	233,752	-	233,752	233,752	-	233,752
	5,607,393	14,390,372	19,997,765	5,295,718	14,300,017	19,595,735

	Ecuador				Colombia	
	Curipamba $	Ruminahui $	Santiago $	Mendez $	Other $	Total $
Balance at December 31, 2013	16,663,933	592,095	368,458	663,656	233,752	18,521,894
Exploration costs						
Camp supervision and personnel	189,716	-	-	-	-	189,716
Camp supplies	19,714	-	-	-	-	19,714
Depreciation	37,416	-	-	-	-	37,416
Environmental studies	16,596	-	-	-	-	16,596
Exploration site	34,596	-	-	-	-	34,596
Fuel	829	-	-	-	-	829
Preliminary economic assessment	118,763	-	-	-	-	118,763
Supplies	6,123	-	-	-	-	6,123
Travel and mobilization	8,067	-	-	-	-	8,067
Vehicles repairs and maintenance	7,262	-	-	-	-	7,262
Water and soil sampling	4,224	-	-	-	-	4,224
	443,306	-	-	-	-	443,306
Acquisition costs						
Property / concession payments	539,518	12,920	22,042	56,055	-	630,535
Balance at December 31, 2014	17,646,757	605,015	390,500	719,711	233,752	19,595,735
Exploration costs						
Camp supervision and personnel	59,335	-	-	-	-	59,335
Camp supplies	2,471	-	-	-	-	2,471
Depreciation	9,354	-	-	-	-	9,354
Environmental studies	2,889	-	-	-	-	2,889
Exploration site	5,795	-	5,520	-	-	11,315
Supplies	1,243	-	-	-	-	1,243
Travel and mobilization	805	-	-	-	-	805
Vehicles repairs and maintenance	186	-	-	-	-	186
Water and soil sampling	2,757	-	-	-	-	2,757
	84,835	-	5,520	-	-	90,355
Acquisition costs						
Property / concession payments	285,931	3,916	20,649	1,179	-	311,675
Balance at March 31, 2015	18,017,523	608,931	416,669	720,890	233,752	19,997,765

6. Exploration and Evaluation Assets (continued)

(a) Curipamba Project, Ecuador

The Company owns a 100% interest in seven concessions located in the provinces of Bolivar and Los Rios, Ecuador.

(b) Ruminahui Project, Ecuador

The Company owns a 100% interest in two concessions located in the province of Pichincha, Ecuador. One concession, the Moncayo concession, is being acquired pursuant to an option agreement. As at March 31, 2015 there remains US $50,000 of option payments outstanding.

(c) Santiago Concession, Ecuador

The Company holds a 100% interest in a concession (the "Santiago Concession") located in the province of Loja, Ecuador. The Santiago Concession is subject to a 1.5% net smelter return royalty ("NSR"). The Company may purchase a 0.75% NSR upon payment of US $850,000.

(d) Mendez Project, Ecuador

The Company owns a 100% interest in two concessions in the province of Morona Santiago, Ecuador.

(e) Other, Colombia

The Company holds mineral concessions and has applied for additional concessions located in the department of Narino, Colombia. The Company is awaiting government approval.

7. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Reconciliation of Changes in Share Capital*

No financings were completed during the three months ended March 31, 2015.

During fiscal 2014 the Company completed private placement financings as follows:

(i) On June 5, 2014 the Company completed a first-tranche closing of a non-brokered private placement financing of 4,247,943 units of the Company at $0.22 per unit for $934,547. On July 18, 2014 the Company completed a final closing of the private placement and issued 854,500 units for $187,990. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.35 per share for a period of eighteen months from the dates of closing.

Officers and a private corporation controlled by family members of the President of the Company purchased a total of 1,995,670 units of this private placement.

The Company incurred $6,362 for filing fees associated with this private placement.

(Unaudited - Expressed in Canadian Dollars)

7. Share Capital (continued)

(ii) On October 24, 2014 the Company completed a private placement financing with Guangshou for 2,272,727 units, at a price of $0.22 per unit, for $500,000. Each unit consisted of one common share of the Company and one-half of one share purchase warrant. Each whole warrant entitles Guangshou to purchase an additional common share of the Company at a price of $0.35 per share expiring April 24, 2016. A finder's fee of $30,000 is payable and has been included in accounts payable and accrued liabilities as at March 31, 2015.

The Company incurred $3,251 for filing fees associated with this private placement.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at March 31, 2015 and 2014 and the changes for the three months ended on those dates is as follows:

	2015		2014	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	4,965,122	0.35	7,860,265	0.47
Expired	(1,277,538)	0.35	(3,060,000)	0.65
Balance, end of period	3,687,584	0.35	4,800,265	0.39

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at March 31, 2015:

Number	Exercise Price $	Expiry Date
2,123,971	0.35	November 6, 2015
427,250	0.35	January 18, 2016
1,136,363	0.35	April 24, 2016
3,687,584		

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years.

No share options were granted during the three months ended March 31, 2015 and 2014.

(Unaudited - Expressed in Canadian Dollars)

7. Share Capital (continued)

A summary of the Company's share options at March 31, 2015 and 2014 and the changes for the three months ended on those dates, is as follows:

	2015		2014	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	-	-	967,500	1.04
Expired	-	-	(37,500)	1.10
Balance, end of period	-	-	930,000	1.04

8. Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

During the three months ended March 31, 2015 and 2014 the following amounts were incurred with respect to the President and the Chief Financial Officer ("CFO") of the Company:

	2015 $	2014 $
Salaries	46,541	39,758
Health benefits	2,098	1,865
	48,639	41,623

As at March 31, 2015, $145,868 (2014 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

(i) During the three months ended March 31, 2015 and 2014 the following amounts were incurred with respect non-executive directors of the Company:

	2015 $	2014 $
Consulting	31,649	28,139

As at March 31, 2015, $220,684 (2014 - $88,424) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the three months ended March 31, 2015 the Company incurred a total of $5,700 (2014 - $6,800) to Chase Management Ltd. ("Chase"), a private corporation owned by a director of the Company, for accounting and administration services provided by Chase personnel, excluding the director. As at March 31, 2015, $5,700 (2014 - $1,300) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) See also Notes 7(b) and 9.

(Unaudited - Expressed in Canadian Dollars)

9. Advances

	March 31, 2015 $	December 31, 2014 $
Non-interest bearing advances (a)	112,839	85,128
Interest bearing advances (b)	479,259	286,195
Promissory notes (c)	443,905	-
	1,036,003	371,195

(a) During the three months ended March 31, 2015 the Company received ongoing advances of US $35,589 (fiscal 2014 US $221,600) and repaid advances of US $ 20,000 (fiscal 2014 - US $148,220). The advances are non-interest bearing with no fixed terms of repayment.

The advances are due to a private corporation controlled by the President of the Company.

(b) The advances comprise US and Canadian dollar amounts, bear interest at 10% per annum and have no fixed terms of repayment. During the three months ended March 31, 2015 the Company received ongoing advances of $329,055 (fiscal 2014 - $540,856) and repaid advances of $151,682 (fiscal 2014 - $459,067). In addition, the Company recorded interest expense of $8,510 (fiscal 2014 - $36,572) which was unpaid at March 31, 2015 and is included in accounts payable and accrued liabilities.

The advances are due to a private corporation controlled by family members of the President of the Company and private corporations controlled or affiliated with a director of the Company.

(c) During March 2015 the Company received US $350,000 and agreed to issue promissory notes (the "Notes"). On May 1, 2015 the Company issued the Notes and 4,038,417 non-transferable share purchase warrants. The Notes are unsecured, bear interest at 12% per annum, and mature on March 31, 2016. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.11 per share on or before May 1, 2016.

10. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following four categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; and available-for-sale. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	March 31, 2015 $	December 31, 2014 $
Cash	FVTPL	214,449	49,236
Amounts receivable	Loans and receivables	1,258	1,301
Investment	Available-for-sale	3,045	3,915
Accounts payable and accrued liabilities	Other liabilities	(1,113,228)	(867,846)
Advances	Other liabilities	(1,036,003)	(371,323)

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

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

(Unaudited - Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management (continued)

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

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable, accounts payable and accrued liabilities and advances approximate their fair value due to their short-term nature. The Company's cash and investment under the fair value hierarchy are measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at March 31, 2015				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	214,449	-	-	-	214,449
Amounts receivable	1,258	-	-	-	1,258
Investment	-	-	3,045	-	3,045
Accounts payable and accrued liabilities	(1,113,228)	-	-	-	(1,113,228)
Advances	(1,036,003)	-	-	-	(1,036,003)

	Contractual Maturity Analysis at December 31, 2014				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	49,236	-	-	-	49,236
Amounts receivable	1,301	-	-	-	1,301
Investment	-	-	3,915	-	3,915
Accounts payable and accrued liabilities	(876,846)	-	-	-	(876,846)
Advances	(371,323)	-	-	-	(371,323)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

11. Financial Instruments and Risk Management (continued)

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's significant subsidiary is located in Ecuador which has adopted the US Dollar as its currency. The Company also maintains cash deposits in US Dollars with its Canadian bank. As such, the fluctuation of the Canadian Dollar in relation to the US Dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At March 31, 2015, 1 Canadian Dollar was equal to 0.79 US Dollar.

Balances are as follows:

	US $	**CDN $ Equivalent**
Cash	151,838	192,199
Amounts receivable	992	1,256
Accounts payable and accrued liabilities	(676,507)	(856,338)
Advances	(698,575)	(884,272)
	(1,222,252)	(1,547,155)

Based on the net exposures as of March 31, 2015 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's net loss being approximately $140,000 higher (or lower).

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain development of the business. The Company defines capital that it manages as share capital and cash. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

12. Supplemental Cash Flow Information

During the three months ended March 31, 2015 and 2014 non-cash activities were conducted by the Company as follows:

	2015 $	**2014 $**
Operating activities		
Depreciation	9,354	9,354
Increase in accounts payable and accrued liabilities	12,737	179,600
	22,091	188,954
Investing activity		
Additions to exploration and evaluation assets	(22,091)	(188,954)

(Unaudited - Expressed in Canadian Dollars)

13. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. As at March 31, 2015 and December 31, 2014 the Company's exploration and evaluation assets are located in Ecuador and Colombia and its corporate assets are located in Canada.

	March 31, 2015			
	Corporate Canada $	Mineral Operations Ecuador $	Mineral Operations Colombia $	Total $
Current assets	222,342	55,949	-	278,291
Investment	3,045	-	-	3,045
Property, plant and equipment	-	406,554	-	406,554
Exploration and evaluation assets	-	19,764,013	233,752	19,997,765
	225,387	20,226,516	233,752	20,685,655

	December 31, 2014			
	Corporate Canada $	Mineral Operations Ecuador $	Mineral Operations Colombia $	Total $
Current assets	67,434	47,914	-	115,348
Investment	3,915	-	-	3,915
Property, plant and equipment	-	437,403	-	437,403
Exploration and evaluation assets	-	19,361,983	233,752	19,595,735
	71,349	19,847,300	233,752	20,152,401