SALAZAR RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

This discussion and analysis of financial position and results of operation is prepared as at May 12, 2020 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2019 and 2018 of Salazar Resources Limited (the "Company" or "Salazar"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-Looking Statements

Certain information in this MD&A may constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, "Forward-Looking Statements"). All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are Forward- Looking Statements. Forward-Looking Statements are often, but not always, identified by the use of words such as "seek," "anticipate," "believe," "plan," "estimate," "expect," and "intend" and statements that an event or result "may," "will," "can," "should," "could," or "might" occur or be achieved and other similar expressions. Forward-Looking Statements are based upon the opinions and expectations of the Company based on information currently available to the Company. Forward-Looking Statements are subject to a number of factors, risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the Forward-Looking Statements including, among other things, the Company has yet to generate a profit from its activities; there can be no guarantee that the estimates of quantities or qualities of minerals disclosed in Salazar's public record will be economically recoverable; uncertainties relating to the availability and costs of financing needed in the future; successful completion of planned drill program; competition with other companies within the mining industry; the success of the Company is largely dependent upon the performance of its directors and officers and Salazar's ability to attract and train key personnel; changes in world metal markets and equity markets beyond Salazar's control; mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized; production rates and capital and other costs may vary significantly from estimates; unexpected geological conditions; delays in obtaining or failure to obtain necessary permits and approvals from government authorities; community relations; all phases of a mining business present environmental and safety risks and hazards and are subject to environmental and safety regulation, and rehabilitation and restitution costs; and management of Salazar have experience in mineral exploration but may lack all or some of the necessary technical training and experience to successfully develop and operate a mine. Although Salazar believes that the expectations reflected in the Forward-Looking Statements, and the assumptions on which such Forward-Looking Statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on Forward-Looking Statements, as there can be no assurance that the plans, intentions or expectations upon which the Forward-Looking Statements are based will occur. Forward-Looking Statements herein are made as at the date hereof, and unless otherwise required by law, Salazar does not intend, or assume any obligation, to update these Forward-Looking Statements.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

COVID-19

Recently, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization ("WHO") declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide, including Ecuador and Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company and its strategic partner have temporarily suspended site activities at the Curipamba, Pijili and Santiago projects. Work at these sites will only restart once the COVID-19 situation has stabilized and it is deemed safe to do so by the national and regional authorities of Ecuador who are working closely with the WHO. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any intervention.

Company Overview

The Company's principal business activity is the acquisition, exploration and development of mineral properties in Ecuador. The Company presently has no proven reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently the Company considers itself to be an exploration stage company.

The Company is a reporting issuer in British Columbia, Alberta, Ontario and Nova Scotia. The Company's shares trade on the TSX Venture Exchange ("TSXV") under the symbol "SRL" as a Tier 1 mining issuer and on the Frankfurt Exchange under the symbol "CCG". The Company's corporate head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia.

The Company's main activities have been the ongoing exploration activities on its Curipamba Project in Ecuador. The Curipamba Project is subject to a 2% net smelter return royalty("NSR"). In late fiscal 2017 the Company entered into an option agreement (the "Curipamba Option") with Adventus Mining Corporation ("Adventus") to option a 75% interest in the Curipamba Project with Adventus funding costs of US $25,000,000 (the "Earn-In") over five years. Under the Curipamba Option Adventus has agreed to provide the Company with US $250,000 per year advance payments until achievement of commercial production, to a maximum of US $1,500,000. As operator, the Company also receives a 10% management fee on certain expenditures, with a prescribed minimum annual amount of US $350,000. Adventus has notified the Company that in addition to costs incurred by the Company and funded by Adventus that a total of US $2,135,363 of project related costs have been incurred directly by Adventus. As at December 31, 2019 a total of US $18,951,173 had been incurred towards the Earn In.

Upon achievement of commercial production, Adventus will receive 95% of the dividends from the Curipamba Project until its aggregate investment, including the US $25,000,000, has been recouped minus the approximate Company carrying value of US $18,200,000 when the Curipamba Option was signed, after which dividends will be shared on a pro-rata basis according to their respective ownership. In certain circumstances where project development is delayed post earn-in, Adventus' ownership position could be diluted.

The Company and Adventus have also entered into an operation alliance agreement (the "Alliance") to jointly explore Ecuador for zinc rich assets. The venture, Minera Dos Gemas M2G S.A. ("Dos Gemas"), was formed in 2017 and is currently owned 80% by Adventus and 20% by the Company with Adventus funding all activities incurred up to a construction decision. As operator the Company receives a 10% operator's fee on certain expenditures incurred, subject to an annual maximum fee of US $200,000 on costs pertaining to surface rights acquisitions.

In March 2018 the Company and Adventus agreed to transfer the Pijili Project to Dos Gemas under the Alliance upon completion by Adventus of the following considerations:

(i) on July 17, 2018 the Company received 2,536,232 Adventus common shares at an ascribed value of $2,028,986;
(ii) Adventus was also required to fully fund a US $1,000,000 exploration budget on the Pijili Project by September 28, 2020. Adventus fulfilled this funding commitment in fiscal 2018; and
(iii) payment of US $150,000 cash, of which US $100,000 was received by the Company as at December 31, 2018 and the remaining US $50,000 was received in August 2019.

As at December 31, 2019 application to legally transfer the Pijili Project to Dos Gemas has been made.

In May 2018 the Company and Adventus agreed to the transfer of the Santiago Project to Dos Gemas under the Alliance upon completion by Adventus of the following considerations:

(i) on July 17, 2018 the Company received 1,268,116 Adventus common shares at an ascribed value of $1,014,492;
(ii) Adventus was also required to fully fund a US $500,000 exploration budget on the Santiago Project by May 22, 2020. Adventus fulfilled this funding commitment in March 2019; and
(iii) payment of US $75,000 in cash to the Company, of which US $50,000 was received during fiscal 2018 and the remaining US $25,000 was received in July 2019.

During fiscal 2019 the Company completed the official transfer of the transfer of the Santiago Project to Dos Gemas.

The Santiago Project is subject to a 1.5% NSR that can be purchased for US $1,000,000 as well as a 4% net profits interest royalty that is in favour of INV Metals Inc.

Company Highlights

During fiscal 2019 the Company:

1. Published the preliminary metallurgical results from composites collected from the 2018 infill drilling program at the El Domo volcanogenic massive sulphide ("VMS") deposit ("El Domo"). Two metallurgical samples show positive results for the recovery of base and precious metals, and the production of saleable copper and zinc concentrates with results meeting or exceeding grades and recoveries from historical metallurgical work. Work on this is ongoing.
2. Filed an updated Mineral Resource estimate and the results of a Preliminary Economic Assessment ("PEA") for El Domo in an independent National Instrument 43-101 ("NI 43-101") on June 14, 2019.
3. Completed MobileMT airborne magneto-telluric ("MobileMT") airborne survey of the Curipamba property flying a total of 2,142 line-kilometres of survey at a 100-metre line spacing. The analyzed data, combined with surficial geochemistry and available geoscience data, created priority listing of targets for follow up.
4. With the completion of the airborne geophysical surveys, the Company and Adventus have mutually agreed to extend the feasibility study completion requirement of the Curipamba earn-in agreement to October 2021 to allow time for additional exploration work for potential new discoveries within the Curipamba project. There has been no material change to the Option Agreement.
5. Acquired surface rights covering 100% of the land overlaying the El Domo Mineral Resources and proposed open pit and underground mines as outlined in the 2019 PEA.
6. Adventus fully earned into the 80% ownership of Pijilí and Santiago projects following the fulfilment of all conditions of the Pijili and Santiago Agreements.
7. Published a strategic reset with a focus on 100%-owned projects, aiming to complete initial exploration work prior to seeking partnership with mid-tier or major mining companies.
8. Sold 3,804,348 Adventus shares for proceeds of approximately $3,200,000.
9. Reported initial results from the Macara project area, including 9.9 g/t gold in soils and 29.6 g/t gold in rock samples.
10. Announced an option agreement to earn the right to acquire 100% of Los Osos licence area via a series of staged payments over 48 months for a total sum of US $250,000.

Subsequent to the year ended December 31, 2019, the Company:

1. Announced that a total of fifteen targets have been defined for Curipamba, most of which are new areas that have not undergone systematic exploration or drilling.
2. Commenced 2020 drill program at Curipamba project with two drill rigs for a minimum drilling budget of 10,000 metres for the evaluation of these new priority targets and the continuing advancement of Curipamba-El Domo related studies.
3. Announced a 5,000 to 10,000-metre exploration drill program to cover both the Pijilí and Santiago projects.
4. Provided an update of metallurgical results for Curipamba-El Domo project with material improvements over the PEA results.
5. Announced plans to drill Rumiñahui, Los Osos and Macara on a 100% basis in 2020 and evaluate strategic options as the projects advance.
6. Reported exploration results for Los Osos, including extensive sulphide mineralization within porphyries, metamorphic rocks and hydrothermal breccias, peaking at 14.5g/t gold over 0.6 m in a veined quartzite.

7. In response to the WHO's declaration of the outbreak of the novel coronavirus, COVID-19, a global pandemic and the resulting mobility restrictions imposed by various countries, including countries where the Company operates, all site activities at the various projects in Ecuador including at the Company's 100% wholly-owned projects were temporarily suspended. Its offices in Ecuador continue to work remotely.
8. To help alleviate the impacts of COVID-19 pandemic on the communities in Ecuador in and around the projects, Adventus, supported by contributions from Salazar, Altius and the Nobis Group, have agreed to contribute up to $300,000 in humanitarian aid support, which will be distributed via community initiatives over 2020 and into 2021. As at the date of this MD&A, the Company continues to work with Adventus and the local community leaders and government officials to identify the best initiatives and methods for providing aid in the Curipamba, Pijilí and Santiago project communities.
9. In addition the Company announced the foundation of a new registered, non-profit organization called the Salazar Foundation. The Salazar Foundation is a non-profit entity supported by the Company and private donors, including Fredy Salazar, and it will build on the initiatives that the Company has introduced during the course of its Community and Social Relations programs in the thirteen years since its creation.

Property Highlights

El Domo Preliminary Economic Assessment

On May 2, 2019 the Company announced results of a preliminary economic assessment ("PEA") for El Domo in which the Mineral Resource estimate for El Domo has been updated. The National Instrument 43-101 ("NI 43-101") Technical Report dated June 14, 2019 was prepared by Rostle Postle Associates ("RPA") and may be found under the Company's profile on SEDAR as well as the Company's website at www.salazarresources.com.

The updated Mineral Resource estimate is summarized as follows:

Total Mineral Resource for El Domo

		Grade					Contained Metal				
Resource Category	**Tonnes (Mt)**	**Cu (%)**	**Pb (%)**	**Zn (%)**	**Au (g/t)**	**Ag (g/t)**	**Cu (kt)**	**Pb (kt)**	**Zn (kt)**	**Au (koz)**	**Ag (koz)**
Measured	1.4	1.92	0.37	3.52	3.75	58	27.8	5.3	50.9	174	2,704
Indicated	7.5	2.02	0.26	2.81	2.33	49	150.9	19.7	210.3	559	11,884
M+I	8.9	2.00	0.28	2.93	2.56	51	178.7	25.0	261.3	733	14,588
Inferred	1.3	1.52	0.20	2.25	1.83	42	20.1	2.7	29.7	78	1,783

Pit Constrained Mineral Resource for El Domo

		Grade					Contained Metal				
Resource Category	**Tonnes (Mt)**	**Cu (%)**	**Pb (%)**	**Zn (%)**	**Au (g/t)**	**Ag (g/t)**	**Cu (kt)**	**Pb (kt)**	**Zn (kt)**	**Au (koz)**	**Ag (koz)**
Measured	1.4	1.92	0.37	3.52	3.75	58	27.8	5.3	50.9	174	2,704
Indicated	5.7	1.74	0.28	2.60	2.47	51	99.0	16.1	147.8	452	9,417
M+I	7.1	1.78	0.30	2.78	2.73	53	126.8	21.4	198.7	627	12,121
Inferred	0.7	0.67	0.21	1.72	1.60	46	4.6	1.5	11.9	36	1,032

Underground Mineral Resource for El Domo

		Grade					Contained Metal				
Resource Category	**Tonnes (Mt)**	**Cu (%)**	**Pb (%)**	**Zn (%)**	**Au (g/t)**	**Ag (g/t)**	**Cu (kt)**	**Pb (kt)**	**Zn (kt)**	**Au (koz)**	**Ag (koz)**
Indicated	1.8	2.91	0.20	3.51	1.85	43	51.9	3.6	62.5	106	2,467
Inferred	0.6	2.46	0.19	2.82	2.09	37	15.5	1.2	17.8	42	751

Notes for the above Mineral Resource Tables:
1. *Mineral Resources in these tables are effective as of as of May 2, 2019*
2. *CIM (2014) definitions were followed for Mineral Resources*
3. *A nominal minimum thickness of two metres was applied to the Mineral Resource wireframes*
4. *Bulk density assigned on a block per block basis using the correlation between measured density values and base metal grade*
5. *Mineral Resources are reported above a cut-off net smelter return ("NSR") value of US $25 per tonne for potential open-pit Mineral Resources and US $100 per tonne for potential underground Mineral Resources*

6. *NSR value is based on estimated metallurgical recoveries, assumed metal prices and smelter terms; which include payable factors treatment charges, penalties, and refining charges*
7. *Metal price assumptions were: US \$3.15/lb Cu, US \$1.00/lb Pb, US \$1.15/lb Zn, US \$1,350/oz Au and US \$18/oz Ag*
8. *Metallurgical recoveries assumptions were based on three mineral types defined by the metal ratio Cu/(Pb+Zn):*
   - *Zinc Mineral (Cu/(Pb+Zn)<0.33): 84% Cu, 84% Pb, 95% Zn, 51% Au and 71% Ag*
   - *Mixed Cu/Zn Mineral (0.33≤Cu/(Pb+Zn)≤3.0): 88% Cu, 85% Pb, 96% Zn, 66% Au and 69% Ag*
   - *Copper Mineral (Cu/(Pb+Zn)>3.0): 88% Cu, 69% Pb, 73% Zn, 27% Au and 50% Ag*
9. *NSR factors were also based on the metal ratio Cu/(Zn+Pb):*
   - *Zinc Mineral (Cu/(Pb+Zn)<0.33): 29.94 US\$/% Cu, 9.17 US\$/% Pb, 11.52 US\$/% Zn, 14.17 US\$/g Au and 0.27 US\$/g Ag*
   - *Mixed Cu/Zn Mineral (0.33≤Cu/(Pb+Zn)≤3.0): 44.20 US\$/% Cu, 11.34 US\$/% Zn, 22.90 US\$/g Au and 0.27 US\$/g Ag*
   - *Copper Mineral (Cu/(Pb+Zn)>3.0): 46.27 US\$/% Cu, 6.86 US\$/g Au and 0.19 US\$/g Ag*
10. *Numbers may not add due to rounding*

On April 15, 2019 the Company announced preliminary metallurgical results from composites which met or exceeded grades and recoveries derived from historical metallurgical testwork. RPA was under contract to manage the metallurgical work and integrate its results into the PEA. The Locked Cycle Test (“LCT”) results indicate a significant improvement in the metallurgical performance in comparison to previously released metallurgical results by the Company (see February 25, 2014 news release).

Metallurgical Test Work Update

In February 2020, the Company provided an update to the ongoing metallurgical test work and reported the following highlights:

1. Improved quality and marketability of copper concentrates. All three composite (copper, zinc anc mixed) samples show improved copper concentrate quality and marketability from the base case LCT presented in the PEA using cyanide as a reagent.

   (a) Mixed Composite LCT results:
      (i) In the copper concentrate, a copper grade of 26.7% was achieved at 81% recovery;
      (ii) Lead and zinc content of the copper concentrate was reduced to 0.7% and 6.8% respectively - a great improvement from the PEA results; and
      (iii) In the zinc concentrate, a zinc grade of 55.9% was achieved at 81.3% recovery.
   (a) Copper Composite LCT results:
      (i) In the copper concentrate, a copper grade of 28.7% was achieved at 80% recovery; and
      (ii Lead and zinc contents in the copper concentrate were reduced to 0.3% and 2.3% respectively from the PEA results.
   (c) Zinc Composite LCT results:
      (i) In the copper concentrate, a copper grade of 23% was achieved at 74% recovery;
      (ii Lead and zinc contents in the copper concentrate were significantly improved and reduced to 1.4% and 12.7% respectively from the PEA results; and
      (iii) In the zinc concentrate, a zinc grade of 56.6% was achieved at 81.5% recovery.

2. Potential to significantly increase precious metal recovery. Leach test work of the cleaner tailings streams of all three composites using cyanide indicated that gold and silver recovery could be significantly increased and may be a candidate for the sulphidization-acidification-recycling-thickening (“SART”) process that would also recover additional copper while significantly reducing reagent consumption.

3. Reduction in acid-generating waste. Geochemical characterization studies on potential waste rock from the open pit identified that three key strata in the hanging wall rocks are non-acid generating which could have positive implications for waste management. All waste rock was previously assumed to be acid generating in the PEA.

4. Lead concentrate is possible. Production of a lead concentrate from both the mixed and zinc composites was shown to be possible, which could improve the quality of the copper and zinc concentrates, reduce waste, and potentially offer a saleable lead concentrate by-product.

Properties Update

Curipamba Project

The Company owns a 100% interest in seven concessions (the "Curipamba Project") located in the provinces of Bolivar and Los Rios, Ecuador. The Curipamba Project is subject to a 2% net smelter return royalty ("NSR").

On October 13, 2017 the Company closed on the Curipamba Option whereby Adventus may earn a 75% interest in the Company's Curipamba Project by funding the Earn-In. A feasibility study was required to be completed no later than October 5, 2021, after which Adventus is required to fund 100% of the development and construction expenditures to commercial production. Due to the COVID-19 outbreak the feasibility study earn-in requirement of October 5, 2021 will be delayed by the number of days that site activities have been shutdown, starting from March 17, 2020.

During the Curipamba Option period Adventus will pay the Company a 10% management fee, with a prescribed minimum annual amount of US $350,000. In addition, Adventus will provide the Company with a US $250,000 per year advance payment until achievement of commercial production, to a maximum cumulative total of US $1,500,000. The advance is to be paid preferentially to Adventus upon start of commercial production.

On February 11, 2019, Adventus announced it had engaged RPA to produce a PEA for the Curipamba Project that would include a Mineral Resource update with all 2018 drilling results. RPA was also retained to conduct additional engineering work including but not limited to overseeing the ongoing metallurgical work at Base Metallurgical Laboratories Ltd. ("BML") previously announced on September 19, 2018. Drilling results from the 2018 drilling program are available in various news releases in 2018 and 2019.

An update to the Mineral Resource estimate for El Domo was completed as part of the PEA announced on May 2, 2019 to include all recent infill drilling completed in 2018. The updated, open pit constrained, Mineral Resource estimate for El Domo has an effective date of May 2, 2019 and is supported on information provided from 309 core boreholes, totalling 60,449 metres, completed between 2007 and 2018. The Measured Mineral Resources for El Domo total 1,400,000 tonnes grading 1.92% copper, 0.37% lead, 3.52% zinc, 3.75 g/t gold and 58 g/t silver. The Indicated Mineral Resources for El Domo total 7,500,000 tonnes grading 2.02% copper, 0.26% lead, 2.81% zinc, 2.33 g/t gold and 49 g/t silver. The Inferred Mineral Resources for El Domo total 1,300,000 tonnes grading 1.52% copper, 0.20% lead, 2.25% zinc, 1.83 g/t gold and 42 g/t silver. A summary of the updated Mineral Resource is included above in "Property Highlights" in this MD&A.

Since the completion of the MobileMT geophysical survey, the Company has made significant progress generating targets through the processing and integration of all geoscience data collected from surficial geochemistry, geological mapping, prospecting, drilling, and ground geophysical surveys. The various data sets have been compiled in order to produce a matrix that will drive exploration logistics and planning through 2020 on priority ranked targets. Targets have been classified as either volcanogenic massive sulphide ("VMS")-related, such as the El Domo deposit, or porphyry-related.

In total, 15 compelling targets have been defined during the TGI process, which are being refined by technical field staff for further priority ranking and drilling logistics. Of notable importance is that most of these targets are in new areas within the 21,500 hectares that have not undergone systematic exploration or drilling.

Both target generation and delineation will continue over the next year, as will surficial geochemical surveys and geological mapping in order to advance the understanding of the geological controls on mineralization and to further delineate highly prospective areas. The results are expected to aid in further developing a pipeline of drill ready locations in the favourable strata that hosts the El Domo deposit. Advantus has approved a minimum drilling budget of 10,000 metres and financial budget of approximately US $5,000,000 for the evaluation of these new priority targets areas and the continuing advancement of Curipamba-El Domo related studies.

Perforaciones Andesdrill S.A. of Quito, Ecuador, a wholly owned subsidiary of the Company, has been contracted to conduct the 2020 drill program at Curipamba project and supply the two drill rigs that are being mobilized to the project site. The Partners are also preparing for additional drilling-related studies that are expected to provide information for future engineering and environmental baseline studies over the next year. Study topics include but are not limited to geotechnical assessment of the waste management areas, geomechanical characterization of the open pit, hydrogeological modeling of the project area, and condemnation drilling of key infrastructure sites. These studies are expected to confirm the PEA findings and support both the commencement of the El Domo feasibility study in 2020 and the submission of a draft environmental impact assessment to Ecuadorian authorities by the first half of 2021.

Metallurgical Results

The metallurgical test work completed since the PEA was designed to improve the overall quality of the concentrates by reducing metal cross contamination. This included the removal assessment for lead into a separate concentrate while defining a process solution for the zinc geometallurgical zone. In addition, the test work focused on resolving gold mineralogy to characterize losses to the process tailings and to investigate solutions for their recovery to increase precious metal content in the concentrate material. The test work was led by and conducted at BML in Kamloops, British Columbia, Canada.

Optimization test work was completed on the same three composites defined in the PEA, the mixed, zinc, and copper geometallurgical zones. For the mixed and zinc composites, the PEA results showed that copper concentrates contained high levels of zinc and lead when using a traditional zinc sulphate and cyanide depression scheme. The recent test work investigated a sulphur dioxide-based depression scheme using sulphurous acid (H_2SO_3) or sodium metabisulphide (SMBS), as a potential solution to diminish cross contamination. Both the mixed and zinc composites demonstrated better zinc rejection under the sulphur dioxide-based reagent schemes, notably in the copper concentrate at similar copper recovery. The improved rejection of zinc from the copper concentrate, using SMBS, was noted for the mixed composite and resulted in significantly improved zinc circuit performance as well.

The test work also demonstrated that a lead concentrate could be removed from the copper concentrate using a cyanide reverse circuit. The lead concentrates were relatively low grade, approximately 37 to 39% lead, but its recovery from the feed to the concentrate was 55% for the mixed composite and 67% for the zinc composite. The LCT results are shown in Table 1.

Improving precious metal recovery, notably gold, was a key objective of the recent test work. A detailed gold deportment study was conducted on cleaner tailings streams for all three composites in order to identify the mineralogical forms of gold loss. Six streams underwent deportment studies as there are two tailings streams from each composite - a bulk rougher tailings stream that is high volume and low grade, and a cleaner tailings stream. The cleaner tailings streams represented most of the gold losses in the process.

For the mixed and zinc composite cleaner tailings streams, about two-thirds of the gold occurred as visible metal alloys. The remaining third of the gold was in solid solution, principally with pyrite. In the copper composite cleaner tailings stream, this was reversed with about one-third of the gold being visible as a metal alloy and the remaining two-thirds occurring in a solid solution with pyrite. Not all the visible gold occurred as free grains, with much of the gold interlocked with other sulphides.

Based on the abundance and form of gold in the cleaner tailings streams, cyanide leaching tests were performed to determine gold extraction rates. The best extraction rates were achieved by fine regrinding (9 µm K80) and high cyanide concentrations (5,000 ppm). At these conditions about half of the gold in the tailings streams was extracted. This represents an increase in gold recovery from the feed of about 15%, 11%, and 39%, silver recovery from the feed of about 12%, 8% and 29% and copper recovery from the feed of about 6%, 6% and 10% for mixed, zinc and copper composites, respectively. Leach results are shown in Table 2.

As a result of the high levels of soluble copper in the cleaner tailings streams, cyanide consumptions were very high, but copper was notably extracted to the leach liquor. This extraction result suggests that the SART process could be a good candidate for optimization, which can recover copper as a precipitate and regenerate cyanide for recycling. Additional leach work is being planned for 2020 in order to investigate the viability of the SART process for the project.

The positive results from the recent metallurgical test work are a significant advancement for the future engineering development of the El Domo deposit within the Curipamba project, including direction for additional metallurgical test work in 2020. The current LCT and leach test results require further optimization in order to more fully evaluate and quantify the opportunity value of SART process implementation on the project. A follow-on work program is now being designed at BML that will be incorporated into future process designs and engineering studies that will cumulate in a feasibility study that is anticipated to commence in the second half of 2020.

Geochemical Characterization of Potential Waste Rock

The Corporation engaged pHase Geochemistry Inc. ("pHase") to conduct geochemical characterization of the rock units that comprise the host strata for El Domo. This work program has been running in parallel with the metallurgical program at BML. Work has focused on the potential waste materials from the open pit and underground mining environments and the level of acid rock drainage ("ARD") and metal leaching potential as a key consideration in future engineering studies and waste management plans.

To date 170 samples that are both spatially and volumetrically representative of the rock units hosting El Domo have undergone analytical geochemistry, including acid-base accounting, whole rock, and trace element analysis. Analytical work is being done with Bureau Veritas Laboratories in Burnaby, British Columbia, Canada.

Neutralization potential of the host strata was shown to be low in most rock units; however, one of the most important analytical results from this geochemical characterization study are that three rock units are anticipated to be non-acid generating. The identification of non-acid generating strata could have a materially positive effect on waste management planning, materials handling during all phases of the project lifespan, and with further study, could have a positive impact on direct operating capital, capital expenditures, and sustaining capital over life of mine. Two rock units tested in this phase of work are anticipated to be potentially acid generating, whereas the remaining seven are expected to be a mix between non and potentially acid generating.

A subset of the above samples was submitted for mineralogical review by QEMSCAN, metal leach extraction testing, and humidity cell testing. The humidity cell testing is ongoing and should be completed later in 2020. Additional ARD work is planned for the first half of 2020 on metallurgical products such as samples from each of the geometallurgical zones.

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Table 1: Locked Cycle Test Results for Zinc, Mixed and Copper Composites

Composite /Test	Product	Weight	Assay							Distribution						
		%	Cu	Pb	Zn	Fe	Ag	Au	S	Cu	Pb	Zn	Fe	Ag	Au	S
			%	%	%	%	g/t	g/t	%	%	%	%	%	%	%	%
Mixed																
SMBS Scheme LCTs	Feed	100	1.76	0.26	2.80	12.6	36	3.2	16.8	100	100	100	100	100	100	100
	Pb Con	0.4	9.5	39.4	8.4	12.6	401	38	26.2	1.9	54.9	1.1	0.4	3.9	4.3	0.6
	Cu Con	5.3	26.7	0.7	6.8	26.8	244	11	37.1	80.8	15.3	13.0	11.4	35.7	18.9	11.8
	Zn Con	4.1	1.4	0.7	55.9	4.1	239	15	34.3	3.3	11.5	81.3	1.3	26.7	19.7	8.3
	Zn Cl Tail	19.5	0.59	0.13	0.3	33.8	37	7.5	41.7	6.5	9.9	2.1	52.2	20.0	45.9	48.3
	Zn Ro Tail	71.1	0.18	0.03	0.10	6.15	7	0.50	7.34	7.5	8.3	2.5	34.7	13.6	11.2	31.0
2019 PEA CN scheme LCTs	Pb Con	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Cu Con	5.7	23.6	2.9	9.8	24.1	330	22.9	35.4	82.7	76.0	20.5	13.4	46.1	50.1	12.4
	Zn Con	3.9	2.3	0.5	53.6	6.1	240	10.2	34.0	5.6	9.4	75.4	2.3	22.9	15.5	8.1
BISA Projections (2015)	Pb Con	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Cu Con	7.6	21.0	0.94	8.5		230	8.8		75.0	49.6	29.8		49.6	29.3	
	Zn Con	2.6	6.3	0.86	42.0		371	19.4		7.6	15.4	50.0		22.4	22.0	
Zinc																
SMBS scheme LCTs	Feed	100	1.63	0.57	5.08	12.1	56	2.5	16.9	100	100	100	100	100	100	100
	Pb Con	1.0	9.8	36.9	12.9	10.1	599	22	26.2	6.3	66.8	2.6	0.9	11.2	9.4	1.6
	Cu Con	5.2	23.0	1.4	12.7	26.1	294	14	36.6	73.5	13.1	13.1	11.2	27.4	29.6	11.3
	Zn Con	7.3	1.4	0.8	56.6	3.2	306	10	33.6	6.3	10.2	81.5	1.9	39.9	29.4	14.6
	Zn Cl Tail	20.8	0.60	0.18	0.3	32.6	36	2.6	38.4	7.6	6.3	1.4	56.0	13.2	22.1	47.4
	Zn Ro Tail	66.7	0.15	0.03	0.11	5.45	7	0.35	6.36	6.3	3.5	1.4	30.0	8.3	9.4	25.1
2019 PEA CN scheme LCTs	Pb Con	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Cu Con	7.5	17.2	6.70	21.00	17.2	510	24.0	33.8	79.9	82.8	30.0	12.2	54.0	58.5	15.3
	Zn Con	5.9	1.76	0.73	58.0	3.4	330	8.29	33.7	6.4	7.1	65.0	1.9	27.4	15.8	12.0
BISA Projections (2015)	Pb Con	0.6	17.7	47.30	17.0		1995	21.8		6.5	69.0	0.9		15.1	4.1	
	Cu Con	2.5	19.7	1.31	17.0		748	8.2		58.2	7.7	8.2		22.6	6.2	
	Zn Con	9.5	1.7	0.31	45.5		286	14.0		19.7	6.9	85.4		33.4	40.8	
Copper																
SMBS Scheme LCTs	Feed	100	2.18	0.04	0.38	21.2	15	1.3	26.0	100	100	100	100	100	100	100
	Cu Con	6.1	28.7	0.27	2.3	29.8	73	2.9	37.5	80.3	37.1	35.9	8.6	28.6	13.6	8.8
	Cu Cl Scav Tail	37.2	0.67	0.06	0.6	39.55	20	2.3	48.4	11.4	50.2	53.8	69.3	49.4	64.8	69.4
	Cu Ro Tail	56.7	0.3	0.0	0.1	8.3	6	1	10.0	8.3	12.7	10.3	22.1	22.0	21.5	21.8
2019 PEA CN scheme LCTs	Cu Con	9.0	21.4	0.31	3.40	31.6	110	4.1	38.9	88.3	68.6	73.4	13.2	50.2	26.6	13.8
BISA Projections (2015)	Cu Con	13.9	24.2	0.09	2.3		53	3.7		89.7	43.4	80.9		39.7	24.4	

Table 2: Leach Test Results on Cleaner Tails for Zinc, Mixed and Copper Composites

Composite /Test	pH	Feed Size	Cyanide Conc	Reagent Consumption		48-hour Extraction			Residue	Head (calc)	Head (assay)
				NaCN	Lime	Au	Ag	Cu	Au	Au	Au
		P_{80}, µm	ppm	Kg/t	Kg/t	%	%	%	g/t	g/t	g/t
Mixed											
Leach-37	11	28	1,000	5.8	6.2	14.0	12.1	33.0	3.50	4.06	
Leach-40	12	28	5,000	13.2	12.9	33.7	46.7	60.9	2.61	3.94	3.73
Leach-43	12	15	5,000	15.5	11.0	44.0	58.2	77.3	2.33	4.15	
Leach-46	12	9.3	5,000	24.2	13.4	47.4	61.2	86.1	2.37	4.51	
Zinc											
Leach-38	11	25	1,000	5.9	4.5	23.0	13.6	36.2	2.03	2.64	
Leach-41	12	25	5,000	11.4	6.9	41.6	41.9	52.6	1.92	3.28	2.52
Leach-44	12	14	5,000	17.0	11.4	49.7	57.2	77.2	1.71	3.39	
Leach-47	12	9.2	5,000	21.2	13.2	49.1	58.3	76.0	1.70	3.33	
Copper											
Leach-39	11	34	1,000	5.9	5.8	16.9	24.2	32.4	1.93	2.32	
Leach-42	12	34	5,000	9.5	12.0	27.6	37.3	40.1	1.62	2.24	2.27
Leach-45	12	16	5,000	17.5	13.8	35.6	57.7	70.1	1.48	2.30	
Leach-48	12	8.6	5,000	27.3	13.2	59.5	59.4	88.7	1.44	3.54	

Qualified Persons for Curipamba

Tom Shouldice, P.Eng., President and Principal Metallurgist for Base Metallurgical Laboratories Ltd. is the Independent Qualified Person for the metallurgical information. Mr. Shouldice, P.Eng., has been directly involved in the planning, implementation, laboratory work, and reporting of all results.

Shannon Shaw, P.Geo., President and Principal Geochemist for pHase Geochemistry Inc. is the Independent Qualified Person for the geochemical characterization and acid-rock drainage information. Ms. Shaw, P.Geo., has been directly involved in the planning, implementation, interpretation of laboratory work, and reporting of all results.

Technical Information Quality Control & Quality Assurance

The Curipamba Project work program is being managed and reviewed by Adventus' Vice President Exploration, Mr. Jason Dunning, M.Sc., P.Geo., a Qualified Person within the meaning of NI 43-101. Staff collect and process samples that are securely sealed and shipped to Bureau Veritas ("BV") in Quito for sample preparation that includes crushing and milling to prepare pulps that are then split for shipment to their facility in Lima, Peru for analysis. All assay data have undergone internal validation of QAQC; noting there is an established sampling control program with blind insertion of assay blanks, certified industry standards and sample duplicates for the Curipamba project. A QAQC program is also in place at BV and includes insertion of blanks, standards and duplicate reanalysis of selected samples. BV's quality system complies with the requirements for the International Standards ISO 9001:2000 and ISO 17025: 1999. At BV, gold is analyzed by classical fire assay techniques with an ICP-AES finish, and both silver and base metals are analyzed by a 44-element aqua regia ICP-AES technique. Overlimit protocols are in place for gold, silver, copper, lead, and zinc.

Exploration Alliance - Pijilí Project

The Pijilí Project consists of three concessions totalling 3,246 hectares that is subject to a US $5,000,000 spending commitment over four years. Pijilí is located in the province of Azuay, approximately 150 km from the major port city of Guayaquil. The Pijilí Project is an untested epithermal gold-silver target, although there are opinions that there is a broader, larger scale porphyry target present.

The Pijilí Project has never been explored with modern exploration techniques, such as geophysics, nor has there been any systematic geological mapping, geochemical sampling, trenching and/or drilling undertaken. Small-scale, legally permitted artisanal mining operations adjacent to the property are following precious metal-bearing structures via several small open pits and underground tunnels. It is also important to note the presence of secondary copper mineralization that is visible along the walls of the small open pits. Company staff have noted copper sulphide-bearing (chalcopyrite) veins in a valley bottom at the confluence of major creeks that also requires additional follow-up.

An airborne geophysical ("MobileMMT") survey was conducted on the Pijilí Project concessions that were flown in a systematic grid pattern to ensure full coverage and depth penetration. Field crews successfully completed 91.4% line-kilometres at the Pijilí Project. Since the completion of the MobileMT survey in the second quarter of 2019, a regional surficial geochemistry sampling program coupled with detailed property mapping for geology and hydrothermal alteration has been systematically grooming drilling targets. The recently completed upgrade of exploration infrastructure at the Pijilí Project means that field crews are now fully supported to undertake drilling. The main targets at the Pijilí Project are Cu-Au-Mo porphyry and orogenic gold deposits.

Exploration Alliance - Santiago Project

The Santiago Project consists of a single concession that encompasses 2,350 hectares. It is located in a geological setting similar to the nearby Loma Larga deposit owned by INV Metals Inc. and is considered prospective for epithermal gold and silver and porphyry copper gold deposits. It features three large, surficial geochemistry anomalies for gold, copper, and zinc. Numerous vein occurrences have been identified on the property thus far, which have yielded good chip sampling results for both gold and silver, including the following highlights (for technical summary see Company news release on February 23, 2012):

Española Vein: (up to 3 metres width)
- 2.0 m @ 28.10 g/t gold and 231.0 g/t silver
- 1.0 m @ 26.00 g/t gold and 242.0 g/t silver
- 1.0 m @ 18.20 g/t gold and 252.0 g/t silver
- 1.0 m @ 4.80 g/t gold and 442.0 g/t silver

Structure Quartz-Tourmaline: (3 metres width)
- 1.9 m @ 1.19 g/t gold, 14.3 g/t silver and 296 ppm molybdenum
- 3.3 m @ 0.59 g/t gold, 36.6 g/t silver and 390 ppm molybdenum

Ribs Zone and Ancha Vein: (up to 5 metres width)
- 1.0 m @ 1.29 g/t gold and >100 g/t silver
- 1.0 m @ 1.65 g/t gold and >100 g/t silver

Structure F.U.: (1.5 metres width)
- 1.4 m @ 4.80 g/t gold and 378.0 g/t silver
- 1.2 m @ 6.40 g/t gold and 136.0 g/t silver
- 1.2 m @ 4.20 g/t gold and 183.0 g/t silver

There have also been historically modest drilling campaigns by two operators on the property, including Newmont Mining Corporation in the mid-1990s that reported wide drill intercepts for copper-gold from surface. Unfortunately, these historic drill results cannot be verified, as the drill core is unavailable. Additional work, including drilling, will be required to validate these reported historical drill results.

The initial 24-month program is ongoing and entails detailed prospecting, surficial sampling, geological and structural mapping, implementation of a PIMA/TerraSpec for detailed hydrothermal alteration mineral studies, and geophysics. A MobileMT survey was flown in a systematic grid pattern to ensure full coverage and depth penetration. Field crews have successfully completed 94.2% line-kilometres at the Santiago Project. Evaluation and construction planning work has begun on the potential upgrade of local roads and support infrastructure ahead of a planned drilling program. The proposed drill program will utilize results from the 2019 MobileMT geophysical survey, and all compiled historical exploration results.

Qualified Person

Vice President Exploration for Adventus, Mr. Jason Dunning, M.Sc., P.Geo., a Qualified Person ("QP") as defined by National Instrument 43-101, is the Company's QP for the Curipamba, Pijili and Santiago Projects and has reviewed and verified the technical information provided.

Wholly-Owned Portfolio

The Company is also working on its strategy of advancing its 100%-owned projects prior to seeking partnership with mid-tier or major mining companies.

Macara Project

The Macara Project currently comprises concessions: (i) Macara Mina concession (288 hectares) leased from a third-party; and (ii) Bonanza mining concession (1,519 hectares) granted by the Ecuadorian government as follows:

(i) On November 6, 2017 the Company entered into an option agreement with an Ecuadorian individual (the "Macara Vendor") whereby the Company was granted an option (the "Macara Option") to acquire a 100% interest in one concession (the "Macara Mina Concession") located in the province of Loja, Ecuador. The Macara Vendor is currently an employee of the Company however, at the time the Macara Vendor acquired the Macara concessions they were at arm's length to the Company. Pursuant to the terms of the Macara Option the Company has agreed to make cash payments totalling US $600,000 (the "Option Proceeds"), as follows:

- US $100,000 on signing (paid);
- US $50,000 on November 6, 2018 (paid);
- US $50,000 on November 6, 2019 (paid);
- US $200,000 on the earlier of a NI43-101 resource calculation or November 6, 2021; and
- US $200,000 on the earlier of a preliminary economics assessment of November 21, 2024.

The Macara Vendor also retains a 0.5% NSR, which may be purchased by the Company for US $1,000,000 at any time.

The Macara Vendor has entered into a participation agreement with an employee of the Company and the son of the Company's President to share the Option Proceeds equally.

As at December 31, 2019 the Company has paid a total of $258,734 (US $200,000) for the option payments on the Macara Concession.

(ii) In July 2017 the Company was awarded a concession (the "Bonanza Concession), located in the provinces of Loja and Tacamoros, Ecuador. As at December 31, 2019 the Company has incurred $703,088 (2018 - $19,006) of costs on the Bonanza Concession

The Macara Project lies within Célica volcano-sedimentary Formation (known as the Lancones Formation in neighboring Peru), which is intruded by the Cretaceous-age Tangula granodiorite batholith. This project is highly prospective for epithermal gold-silver, gold-copper porphyry and volcanogenic massive sulfide (VMS) deposits. The Macara Project is located 100km to the north of the Tambogrande VMS deposit in the Cretaceous Lancones basin of northwestern Perú, which hosts some of the largest Cu-Zn-Au-Ag-bearing massive sulfide deposits in the world.

Phase 1 exploration at the Macara Project, consisting of mapping and sampling (soils and rocks), has been completed. 240 soil samples, on a 100m x 100m grid were taken, with results as high as 9.94 g/t Au helping to define a 600m x 300m anomaly. 152 rock samples (outcrop and float) were taken, with the highest grade chip sample returning 29.6 g/t Au over 1.0 metre. Applications for appropriate drill, water-use and environmental permits have been submitted. The Company anticipates executing a first pass drill program of up to 3,000m during 2020.

Mapping at the Macara Project has identified a suite of basalts, andesites, and pillow lavas interpreted to be part of a tholeiitic volcanic arc. Gold and base metal mineralisation is spatially related to a complex of hydrothermal breccias and stockworks in pillow lavas that are silicified to varying degrees and that occasionally host barite. Where the pillow lavas are brecciated the pillows contains <1% pyrite, chalcopyrite and bornite with occasional sphalerite in the matrix, and there is less intense mineralization in the pillows themselves. Where the stockworks contain barite veinlets and exhibit more intense silicification, often characterized by iron oxide staining, the gold and silver grades are elevated.

Rumiñahui Project

The Ruminahui Project comprises two concessions located in the province of Pichincha, Ecuador. During fiscal 2019 the Company made payments totalling $103,557 (2018 - $28,514) for concession payments.

In the first half of fiscal 2019, the Company continued community liaison at Rumiñahui, supporting the Community Association with projects such as road repairs and agri-initiatives. A scout drilling plan and associated environmental impact assessment have been approved. The application for a water-use permit is underway. The Company anticipates a Phase 1 drill programme of approximately 3,000m to start in fiscal 2020.

Los Osos Project

On March 21, 2019 the Company entered into an option agreement with an Ecuadorian individual (the "Los Osos Vendor"), whereby the Company has been granted the option to acquire up to a 100% interest in one mineral concession (the "Los Osos Concession") located in the Province of El Oro, Ecuador. The Los Osos Vendor is currently an employee of the Company however, at the time the Los Osos Vendor acquired the Los Osos concession they were at arm's length to the Company. Pursuant to the terms of the agreement the Company may earn up to a 100% interest in the Los Osos Concession via a series of staged payments over 48 months for a total sum of US $250,000 (US $70,000 paid as of the date of this MD&A). The Los Osos Vendor retains a 1% NSR, which may be purchased by the Company for US $1,000,000 at any time.

The Los Osos Concession is a 229 hectare, single concession, exploration licence located in the Cerro Pelado-Cangrejos mineral district within the Province of El Oro in southwest Ecuador. The licence area hosts a system of veins rich in gold and silver, combined with hydrothermal breccias and mineralised gold-copper porphyries. Several quartz-tourmaline breccias mineralised with chalcopyrite and pyrrhotite are present on the property.

Under previous tenure, the area has been mapped, sampled, and subject to airborne geophysical surveys (magnetic and radiometric). Artisanal miners have historically worked some of the veins, and small scale mining has been active on the Los Osos Concession and the adjacent properties for over fifteen years.

In January 2020 the Phase 1 geological exploration fieldwork at the Los Osos Project was completed and the Company identified extensive sulphide mineralization within porphyries, metamorphic rocks and hydrothermal breccias mapped and tested, peaking at 14.5 g/t gold over 0.6 m in a veined quartzite. An apparent correlation of gold and copper grades with sulphide intensity was noted, and numerous old workings for gold-silver in high-grade veins and in some hydrothermal breccia zones were mapped. One of the mineralized zones, Area A, was traced over approximately 50 m, despite limited exposure. Four samples were taken from a gully ranging from 0.4 g/t gold over a fault zone, to 14.5 g/t gold from a channel sample in veined quartzite. In a second mineralized area, Area B, a broadly continuous breccia body was identified in underground workings over approximately 100m, and mappable at surface approximately 600 m northeast of Area A. Thirty-three samples were taken from the underground workings, and range in grade from six separate samples that returned 0.1 g/t gold in channel samples, to a panel sample in breccia that returned 4.5 g/t gold.

In the northeast of the licence area there are several NE-SW trending quartz-breccia veins that are up to one meter in thickness and can be traced over several hundred meters. These arsenopyrite-pyrite-chalcopyrite veins contain significant gold and silver values and have been extensively worked by artisanal miners. Intense propyllitic-argillic alteration and silicification can be observed across the property.

The Company believes that the distribution of gold mineralization visible to date at Los Osos is highly encouraging. A drill plan, targeting areas of intense sulphide mineralization has been developed and the Company aimed to start drilling at Los Osos in the second quarter of fiscal 2020, prior to the disruption caused by COVID-19.

The high-grade veins in the northeast of the concession area illustrate that the mineralizing systems at Los Osos are metal rich but are not a priority exploration target for Salazar Resources due to their small tonnage potential.

Qualified Person

Kieran Downes, Ph.D., P.Geo., a Qualified Person ("QP") as defined by National Instrument 43-101, is the Company's QP for the Company's wholly-owned properties and has reviewed and verified the technical information provided.

Selected Financial Data

During fiscal 2018 the Company's subsidiaries changed their functional currency from the Canadian dollar to the United States dollar. See also "Changes in Accounting Policies - Change in Functional Currency".

Correction of Error

During fiscal 2018 the Company determined that there was a change to the underlying transactions and activities of its subsidiaries and, as a result, the Company's subsidiaries changed their functional currency from the Canadian dollar to the United States dollar. During the preparation of the fiscal 2019 consolidated financial statements management found an error in the calculation of the translation of certain of the Company's subsidiaries' assets as at December 31, 2018. The Company determined that exploration and evaluation assets and accumulated and other comprehensive income were understated by $3,872,505 and, accordingly, the Company has restated exploration and evaluation assets from $15,312,844 to $19,185,349, accumulated and other comprehensive income from $1,582,193 to $5,454,698 and total assets and total liabilities and shareholders' equity from $23,409,559 to $27,282,064 as at December 31, 2018 and comprehensive (loss) income from $2,889,387 to $6,761,892 for fiscal 2018.

The following selected financial information is derived from the audited annual consolidated financial statements of the Company.

	Years Ended December 31,		
	2019 $	2018 $	2017 $
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(1,957,967)	(1,124,928)	(1,443,285)
Other items	637,604	2,432,122	(113,045)
Net income (loss)	(1,320,363)	1,307,194	(1,556,330)
Other comprehensive income	625,478	5,454,698	217
Comprehensive income (loss)	(694,885)	6,761,892	(1,556,113)
Basic and diluted income (loss) per share	(0.01)	0.01	(0.01)
Balance Sheet:			
Working capital	4,462,286	5,558,915	574,041
Total assets	26,259,090	27,282,064	18,371,177
Total long-term liabilities	Nil	Nil	Nil

In the majority of fiscal 2017 exploration activities and corporate activities were much reduced due to constrained capital. With the Agreement with Adventus on the Curipamba Project closing in late fiscal 2017 the Company became much more active in fiscal 2018. The fiscal 2018 results were significantly improved with substantial increase in net income. The main factor contributing to this increase was the sale of the Company's interests in the Pijilli and Santiago properties, particulars of which are discussed in "Company Overview" of this MD&A.

During fiscal 2018 the majority of the labour, materials and other costs incurred, drilling services and funding were denominated in United States dollars. Accordingly, the Company's subsidiaries changed their functional currency from the Canadian dollar to the United States dollar. For fiscal 2018 assets, liabilities and transactions of the Company's subsidiaries are therefore translated into Canadian dollars using the report date closing exchange rate. Income and expenses are translated into Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive income and recognized in the accumulated other comprehensive income. As a result, in fiscal 2018, the Company recorded other comprehensive income of $5,454,698.

During fiscal 2019 the level of activity at its exploration properties was significantly curtailed as drill permits were pending. The Company's drill rigs were on standby and substantial holding costs were incurred. For fiscal 2019 the Company did not have a significant gain on property dispositions and recorded a significant expense from share-based compensation on options grants. These factors contributed to the increase in expenses and the loss for the period.

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

	Fiscal 2019				Fiscal 2018			
Three Months Ended	**Dec. 31 2019 $**	**Sep. 30 2019 $**	**Jun. 30 2019 $**	**Mar. 31 2019 $**	**Dec. 31 2018 $**	**Sep. 30 2018 $**	**Jun. 30 2018 $**	**Mar. 31 2018 $**
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(228,152)	(239,933)	(274,972)	(1,214,910)	(243,898)	(381,675)	(300,740)	(198,615)
Other items	32,690	132,608	106,328	365,978	(2,770,870)	4,353,353	420,817	428,822
Net (loss) income	(195,462)	(107,325)	(168,644)	(848,932)	(3,014,768)	3,971,678	120,077	230,207
Other comprehensive income (loss)	1,964,476	(521,993)	(563,476)	(253,529)	5,454,698	Nil	Nil	Nil
Comprehensive (loss) income	1,769,014	(629,318)	(732,120)	(1,102,461)	2,439,930	3,971,678	120,077	230,207
Basic and diluted (loss) income per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)	0.03	(0.00)	(0.00)
Balance Sheet:								
Working capital	4,462,286	4,324,303	4,945,970	5,472,417	5,558,915	6,690,557	1,746,981	713,022
Total assets	26,259,090	21,030,693	21,470,208	21,958,181	27,282,064	24,028,841	19,791,826	18,289,370
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended December 31, 2019 Compared to the Three Months Ended December 31, 2018

During the three months ended December 31, 2019 ("Q4/2019") the Company recorded a net loss of $195,462 compared to net loss of $3,014,768 for the three months ended December 31, 2018 ("Q4/2018") a decrease in loss of $2,819,306. The fluctuation is primarily attributed to:

(i) the recognition of an overall unrealized loss on investments of $1,331,522 in Q4/2018 compared to $nil in Q4/2019; and

(ii) as a result of a detailed review conducted as part of the audit process and on the recommendation of the Company's auditor there was a reclassification of other income of $1,173,253 and management fees of $662,265 in Q4/2018 to exploration and evaluation assets. Crediting of all funds received from the optionee to carrying value of exploration and evaluation assets was seen as most appropriate under IFRS.

Three Months Ended December 31, 2019 Compared to the Three Months Ended September 30, 2019

During the three months ended December 31, 2019 ("Q4/2019") the Company reported a net loss of $195,462 compared to net loss of $107,325 for the three months ended September 30, 2019 ("Q3/2019") an increase in loss of $88,137. The fluctuation is primarily attributed to the recognition of a gain on property dispositions of $99,138 in Q3/2019 compared to $nil in Q4/2019.

Three Months Ended September 30, 2019 Compared to the Three Months Ended June 30, 2019

During the three months ended September 30, 2019 ("Q3/2019") the Company reported a net loss of $107,325 compared to net loss of $168,644 for the three months ended June 30, 2019 ("Q2/2019") a decrease in loss of $61,319. The fluctuation is primarily attributed to the following:

(i) during Q2/2019 the Company incurred drill rig stand-by costs of $127,938. No drill-rig standby costs were incurred in Q3/2019 as the Company was able to deploy the drill rigs to a third-party to recover its costs; and

(ii) during Q2/2019 the Company recorded audit fees of $60,596 compared to $nil in Q3/2019 due to the timing if the billings.

The above decreases were partially offset by the $138,798 increase in general exploration in Q3/2019 as the Company conducts due diligence on prospective exploration and evaluation assets.

Three Months Ended June 30, 2019 Compared to the Three Months Ended March 31, 2019

During the three months ended June 30, 2019 ("Q2/2019") the Company reported a net loss of $168,644 compared to net loss of $848,932 for the three months ended March 31, 2019 ("Q1/2019") a decrease in loss of $680,288. The fluctuation is primarily attributed to the following:

(i) recognition of share based compensation of $478,715 on the granting and vesting of 5,472,000 share options in Q1/2019. No share options were granted in in Q2/2019;
(ii) recognition of general exploration of $287,308 in Q1/2019 compared to a recovery of $6,432 in Q2/2019 as the majority of the regional exploration was conducted in Q1/2019; and
(iii) recognition of drill rig stand-by costs of $127,938 during Q2/2019 compared to $298,860 in Q1/2019.

The decrease was partially offset by recognition of a $367,315 gain in Q1/2019 on the sale of all of the Company's investments.

Three Months Ended March 31, 2019 Compared to the Three Months Ended December 31, 2018

During the three months ended March 31, 2019 ("Q1/2019") the Company reported a net loss of $848,932 compared to net loss of $3,014,768 for the three months ended December 31, 2018 ("Q4/2018") a decrease in loss of $2,165,836. The fluctuation is attributed to the recognition of an overall unrealized loss on investments of $1,331,522 in Q4/2018 compared to $nil in Q1/2019 and partially offset by the recognition of share-based compensation in Q1/2019 of $478,715 compared to $nil in Q4/2018. In addition, as a result of a detailed review conducted as part of the audit process and on the recommendation of the Company's auditor, there was a reclassification of other income of $1,173,253 and management fees of $662,265 in Q4/2018 to exploration and evaluation assets.

Three Months Ended December 31, 2018 Compared to the Three Months Ended September 30, 2018

During the three months ended December 31, 2018 ("Q4/2018") the Company reported a net loss of $3,014,768 compared to net income of $3,971,678 for the three months ended September 30, 2018 ("Q3/2018") an increase in loss of $6,986,446. The fluctuation is primarily attributed to:

(i) during Q4/2018 the recognition of an overall unrealized loss on investments of $1,331,522 compared to $nil in Q3/2018;
(ii) as a result of a detailed review conducted as part of the audit process and on the recommendation of the Company's auditor there was a reclassification of other income of $1,173,253 and management fees of $662,265 in Q4/2018 to exploration and evaluation assets; and
(iii) during Q3/2018 the Company recognized a gain of property disposition of $2,482,075 compared to $44,397 in Q4/2018.

Three Months Ended September 30, 2018 Compared to the Three Months Ended June 30, 2018

During the three months ended September 30, 2018 ("Q3/2018") the Company reported net income of $3,971,678 compared to net income of $120,077 for the three months ended June 30, 2018 ("Q2/2018"). The $3,851,601 increase in income is primarily attributed to:

(i) recognition of a $2,482,073 gain on property dispositions relating to the Pijilí Project and Santiago Concession; and
(ii) recognition of an unrealized gain on investments of $1,141,522 mainly on the appreciation of the quoted prices of the Adventus common shares held by the Company.

Three Months Ended June 30, 2018 Compared to the Three Months Ended March 31, 2018

During the three months ended June 30, 2018 ("Q2/2018") the Company reported a net income of $120,947 compared to net income of $230,207 for the three months ended March 31, 2018 ("Q1/2018"). The fluctuation is primarily attributed to the recognition of other income of $293,092 in Q2/2018 compared to $157,847 in Q1/2018 arising from the rental of its drill rigs for the drilling activities on the Curipamba Project.

Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

During the year ended December 31, 2019 ("fiscal 2019") the Company reported a net loss of $1,320,363, compared to net income of $1,307,194 for the year ended December 31, 2018 ("fiscal 2018"), an increase in loss of $2,627,557. The fluctuation is mainly attributed to the following:

(i) during fiscal 2018 the Company recognized a gain of $2,526,470 on agreements relating to the Pijilí Project and Santiago Concessions under which the Company received a total of 3,804,348 common shares of Adventus at an ascribed value of $3,043,478 and US $150,000 cash. A further $99,138 (US $75,000) cash was received in fiscal 2019;
(ii) during fiscal 2019 the Company recorded a gain on sale of investments of $367,315 from the sale of the Adventus common shares and a minor investment; and
(iii) during fiscal 2019 the Company recorded operator fees of $123,474 compared to $nil during fiscal 2018.

The above amounts were partially offset by the increase in net expenses from $1,124,928 during fiscal 2018 to $1,957,967 during fiscal 2019. Excluding cost recoveries, expenses increased by $444,904, from $1,976,483 during fiscal 2018 to $2,421,387 during fiscal 2019. Specific expenses of note are as follows:

(i) recorded share-based compensation of $516,164 on the granting and vesting of share options during fiscal 2019 compared to $60,000 during fiscal 2018. During fiscal 2019 the Company granted options to purchase 5,472,000 common shares compared to 600,000 options granted during fiscal 2018;
(ii) incurred salaries, compensation and benefits of $455,768 (2018 - $633,584). The decrease reflects the Company capitalizing certain salaries and compensation to exploration and evaluation assets in fiscal 2019;
(iii) recorded audit fees of $139,112 (2018 - $84,103). The increase reflected the escalation in the scope of the audit process due to activities resulting from the various arrangements with Adventus;
(iv) incurred general exploration of $87,880 (2018 - $567,479). The decrease reflects the Company capitalizing the exploration costs due to the various arrangements with Adventus;
(v) incurred drill rig standby costs of $481,190 during fiscal 2019 as the Company maintains the drill rigs in an operation ready status until it is needed; and
(vi) incurred corporate development fees of $103,026 (2018 - $16,992). During fiscal 2019 the Company conducted several market awareness programs.

Exploration and Evaluations Assets

During fiscal 2019 the Company incurred a total of $9,369,624 (2018 - $8,933,297) for exploration and evaluation assets comprising of $6,473,619 (2018 - $7,817,997) on the Curipamba Project and $2,896,005 (2018 - $1,115,300) on other projects. During fiscal 2019 Adventus funded a total of $10,214,730 (2018 - $10,918,946) for costs incurred by the Company, of which $3,261,960 (2018 - $423,886) was applied against property, plant and equipment, $6,489,350 (2018 - $9,643,505) against exploration and evaluation assets and $463,420 (2018 - $851,555) as an expense recovery. As at December 31, 2019, a balance of $288,182 remained as advances from the joint-venture partner and $397,896 remains in restricted cash compared to December 31, 2018, when a balance of $670,726 was due from the joint-venture partner and $153,289 remained in restricted cash. The balances are expected to vary due to timing of funding from Adventus and expenditures on the Curipama Project.

Details of the exploration and acquisition expenditures are as follows:

	Curipamba $	Exploration Alliance $	Other $	Total $
Balance at December 31, 2017	15,617,197	617,344	150,023	16,384,564
Exploration costs				
Assay analysis	-	37,718	-	37,738
Camp supplies	-	17,516-	-	17,516
Camp supervision and personnel	-	85,987	-	85,987
Community relations	1,093,008	-	-	1,093,008
Depreciation	37,416	-	-	37,416
Drilling and related costs	6,410,637	-	-	6,410,637
Exploration site	17,685	71,164	-	88,849
Geological	-	544,007	-	544,007
Legal		23,859	-	23,859
Permits		7,344	-	7,344
Salaries		100,099	-	100,099
Travel	-	20,801		20,801
	7,558,746	908,515	-	8,467,261
Acquisition costs				
Property / concession payments	259,251	114,614	92,171	466,036
Other				
Cost recoveries	(7,807,987)	(816,447)	-	(8,624,434)
Management fees	(662,265)	29,998	-	(692,263)
Drilling services	(1,173,253)	-	-	(1,173,253)
Sale of interest	-	(710,692)	-	(710,692)
Advance payment	(325,250)	-	-	(332,250)
Foreign exchange movement (restated)	5,357,483	9,190	26,707	5,393,380
	(4,611,272)	(1,547,947)	26,707	(6,132,512)
Balance at December 31, 2018	18,823,922	92,526	268,901	19,185,349
Exploration costs				
Assay analysis	251,626	123,336	67,916	442,878
Camp supervision and personnel	319,051	44,371	369,243	732,665
Camp supplies	308,021	25,712	44,718	378,451
Community relations	829,094	-	8,125	837,219
Environmental studies	61,424	12,792	19,531	93,747
Equipment maintenance	386,092	11,293	20,727	418,112
Exploration site	642,557	76,359	80,864	799,780
Geological	617,882	43,388	1,189	662,459
Geophysics	-	1,143,935	-	1,143,935
Legal	69,683	-	11,227	80,910
Permits	160,595	-	-	160,595
Salaries	2,016,387	265,980	584	2,282,951
Supplies	200,689	-	23,550	224,239
Travel	418,757	83,155	36,839	538,751
	6,281,858	1,830,321	684,513	8,796,692
Acquisition costs				
Property / concession payments	191,761	104,000	277,171	572,932
Other				
Cost recoveries	(6,489,350)	(2,024,310)	-	(8,513,660)
Management fees	(464,380)	-	-	(463,380)
Advance payment	(331,700)	-	-	(331,700)
Foreign exchange movement	781,532	(2,537)	(37,765)	741,230
	(6,503,898)	(2,026,849)	(37,765)	(8,568,510)
Balance at December 31, 2019	18,793,643	-	1,192,820	19,986,463

See also "Properties Update".

Financing Activities

No financings were conducted during fiscal 2019 or fiscal 2018.

During fiscal 2018 the Company received $1,478,903 on the exercises of warrants and issued 12,324,184 common shares of the Company.

Investing Activities

During fiscal 2019 the Company sold all of its investments in common shares of Adventus and Batero Gold Corp. for total proceeds of $3,223,404 and recorded a gain on sale of investments of $367,315.

Financial Condition / Capital Resources

The Company has negotiated a number of agreements to provide continued funding for exploration of its exploration and evaluation assets. As at December 31, 2019 the Company had working capital of $4,462,286 and an accumulated deficit of $25,534,954. As at December 31, 2019 management considered that the Company had adequate resources to maintain its core operations and, with the financial support of its partner, conduct ongoing exploration programs on its existing exploration and evaluation assets for the next twelve months. See also "COVID-19".

Contractual Commitments

(a) When applying for new concessions via the public tender process in Ecuador, the Company, either directly or under option agreement, presented its investment offers for each concession. The investment offer represents the total amount that is required to be spent in order to maintain possession of the concession area at the end of the four-year investment period required by the Government of Ecuador. Accordingly, should the Company wish to retain possession of all the concession areas it holds as at December 31, 2019, the Company's commitment is as follows:

	US $
Fiscal 2020	32,149
Fiscal 2021	2,670,384
	2,702,533

(b) Concessions in Ecuador that were not acquired via the public tender process require the Company to submit an annual expenditure plan to the Government of Ecuador outlining the minimum amount of committed expenditures for the upcoming year. The total obligation of the Company for these concession areas for the fiscal 2020 is approximately US $1,500,000.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include the determination of mineralized reserves, plant and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets, reclamation and rehabilitation provisions, valuation allowances for future income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates

A detailed summary of the Company's critical accounting estimates and sources of estimation is included in Note 3 to the December 31, 2019 audited annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies other than:

Adoption of New Accounting Standard - IFRS 16

Effective January 1, 2019 the Company adopted IFRS 16 - *Leases* ("IFRS 16"), which replaces IAS 17 - *Leases* ("IAS 17") and its associated interpretative guidance. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and" disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less ("Short-term Leases") or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Company has leases which are considered to be Short-term Leases and, as allowed by IFRS16, has determined not to recognize these leases as assets and liabilities. There was no significant impact on the Company's consolidated financial statements upon the adoption of this new standard.

Transactions with Related Parties

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 fiscal 2019 and 2018 the following amounts were incurred with respect to the Company's President and CEO, Fredy Salazar, and the CFO, Pablo Acosta:

	2019 **$**	**2018** **$**
Mr. Salazar		
- Salaries and compensation	95,084	97,205
- Health benefits	4,506	3,802
- Share-based compensation	95,000	-
	194,590	101,007
Mr. Acosta		
- Salaries and compensation	105,719	78,483
- Health benefits	2,433	3,802
- Share-based compensation	55,000	-
	163,152	82,285
	357,742	183,292

As at December 31, 2019 $nil (2018 - $125,348) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During fiscal 2019 and 2018 the following consulting expenses were incurred with respect to non-executive directors and a former corporate secretary (Freddy Salazar) of the Company:

	2019 $	2018 $
Consulting fees - Etienne Walter	23,849	23,610
Consulting fees - Nick DeMare	47,766	46,621
Consulting fees - Juan Ortiz	-	23,543
Consulting fees - Jennifer Wu	23,849	25,185
Consulting fees - Merlin Marr-Johnson	90,000	-
Consulting fees - Freddy Salazar [(1)]	22,697	-
Share-based compensation - Etienne Walter	30,000	-
Share-based compensation - Nick DeMare	40,000	-
Share-based compensation - Merlin Marr-Johnson	68,964	-
Share-based compensation - Jennifer Wu	30,000	60,000
	377,125	178,959

(1) Was appointed corporate secretary September 30, 2019 and subsequently resigned March 19, 2020.

As at December 31, 2019 $18,918 (2018 - $nil) remained unpaid.

(ii) During fiscal 2019 the Company incurred a total of $55,738 (2018 - $54,827) to Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at December 31, 2019, $nil (2018 - $4,775) remained unpaid.

During fiscal 2019 the Company also recorded $15,000 for share-based compensation for share options granted to Chase.

(c) During fiscal 2019 the Company incurred $279,967 (2018 - $249,793) for equipment rental services and $162,601 (2018 - $124,926) for professional services provided provided by Amlatminas S.A. ("Amlatminas") a private corporation controlled by Mr. Salazar and Mr. Acosta. As at December 31, 2019 $57,982 (2018 - $139,263) remained unpaid.

(d) During fiscal 2019 the Company incurred $31,047 (2018 - $26,440) for storage rental provided by Agrosamex S.A. ("Agrosamex"), a private corporation controlled by the son of the President of the Company.

(e) During fiscal 2019 the Company incurred $10,699 (2018 - $nil) for environmental studies provided by Cinge Cia Ltda, a private corporation controlled by Mr. Acosta.

(f) The Company holds an interest in the Macara Project pursuant to an agreement dated November 6, 2017 with an Ecuadorian individual (the "Macara Vendor") whereby the Company was granted an option (the "Macara Option") to acquire a 100% interest in one concession (the "Macara Concession"). The Macara Vendor is currently an employee of the Company however, at the time the Macara Vendor acquired the Macara concessions they were at arm's length to the Company. See "Macara Project" for details of the agreement.

The Macara Vendor has entered into a participation agreement with an employee of the Company and the son of the Company's President to share the option proceeds equally.

(g) *Cost Recoveries from Adventus*

Certain of the expenses incurred by the Company with related parties and remuneration paid to Company personnel have been recovered from Adventus pursuant to the earn-in under the Curipamba Option and the Alliance. The table below reflects what occurred during fiscal 2019 and fiscal 2018.

	2019		2018	
	Total $	Recovered from Adventus $	Total $	Recovered from Adventus $
Salaries and Compensation				
Mr. Salazar	95,084	43,784	97,205	46,160
Mr. Acosta	105,719	59,441	78,483	58,065
Geological Services				
Amlatminas	162,601	162,601	124,926	124,926
Rentals				
Agrosamex (storage)	31,047	31,047	26,440	26,440
Amlatminas (equipment)	279,967	279,967	249,793	249,793

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

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.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at May 12, 2020, there were 126,677,790 issued and outstanding common shares, 11,772,000 share options outstanding at exercise prices ranging from $0.12 to $0.14 per share, and 1,000,000 share purchase warrants outstanding at an exercise price of $0.12 per share.