SALAZAR RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

This discussion and analysis of financial position and results of operation is prepared as at November 30, 2020 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2020 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

On March 11, 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus identified as, "COVID-19", 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 partner temporarily suspended site activities at the Curipamba, Pijili and Santiago projects as well as at the Company's wholly-owned Rumiñahui, Los Osos and Macara projects, while desktop and office work continues remotely where possible. Most recently, there has been partial lifting of COVID-19 related restrictions and the Company has restarted field and drilling activities at both the Curipamba and Pijili projects and other Company owned projects. 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 executive head office is located in Quito, Ecuador.

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, including the completion of a feasibility study on the El Domo deposit. 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 $6,071,00 of project related costs have been incurred directly by Adventus. As at September 30, 2020 a total of US $24,970,000 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.

During fiscal 2019 an application to legally transfer the Pijili Project to Dos Gemas was 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 the three months ended September 30, 2020 the Company commenced field activities and drilling, as follows:

1. A second drill rig was added to the planned 5,000 metre exploration drill program at the Pijilí project and the recommencement of a manual trenching program there to evaluate possible extensions to channel and chip sampling .
2. Continues work to progress the El Domo feasibility study with the commencement of various trade-off studies and metallurgical testwork.
3. Continuation of the drone-based LIDAR surveys for topography data collection of the infrastructure locations at Curipamba.
4. Commenced the phase 1 drill program at its 100% owned Los Osos property that includes drilling mineralized porphyries and breccias.

Subsequent to September 30, 2020, the Company:

1. Commenced a ground-based gravity and magnetic geophysical survey at the Company's 100% owned Macara project, Loja, Ecuador.
2. Announced preliminary assay results from scout drilling at the Pijilí project. Drilling is ongoing and further announcements on assay results are expected before the end of the year after passing quality assurance and quality control ("QAQC") protocols
3. Announced the restart of drilling activities at Curipamba to support the El Domo Feasibility Study with deployment of three geotechnical drill rigs to establish groundwater monitoring wells for the Environment and Social Impact Assessment ("ESIA") and project permitting as well as completion of geotechnical drilling for the proposed tailings area, waste rock pads and process plant site
4. Announced a 5,000-metre infill drill program with two drill rigs at El Domo to provide additional material for metallurgical studies and for additional data to facilitate the planned upgrade of mineral resource categories
5. Announced a 1,200-metre geomechanical drill program to provide additional data to further study rock mechanics of the proposed open pit at Curipamba.
6. Announced one drill rig will be mobilized to commence a 3,000 metre regional exploration drilling program at the La Vaquera and Sesmo Sur targets at the Curipampa project.

Property Highlights

El Domo Feasibility Study

On June 22, 2020, the Company and Adventus announced the commencement of the Feasibility Study for the El Domo copper-gold volcanogenic massive sulphide deposit ("El Domo") of Curipamba, with completion expected by the end of 2021 based on a restart of field activities by October 2020. The Feasibility Study will advance El Domo's mining, mineral processing and infrastructure related engineering designs from the 2019 Preliminary Economic Assessment ("PEA"), and further integrate the extensive geotechnical and metallurgical test work programs that have been completed since 2019. Upon completion, the Feasibility Study will provide the necessary engineering and economic support to allow the Company and Adventus to finalize permitting and financing activities as part of a future construction decision. DRA Americas Inc., a wholly owned subsidiary of DRA Global Ltd. ("DRA") was selected to lead the independent Feasibility Study, with contributions from other globally recognized independent consultants, many of whom will continue their ongoing work on the El Domo project.

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

Resource Category	Tonnes (Mt)	Grade					Contained Metal				
		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

Resource Category	Tonnes (Mt)	Grade					Contained Metal				
		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

Resource Category	Tonnes (Mt)	Grade					Contained Metal				
		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*

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.

Further details of the metallurgical update are in the February 20, 2020 news release which may be found under the Company’s profile on SEDAR as well as the Company’s website www.salazarresources.com.

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.

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.

The Company has secured surface rights at El Domo that cover 100% of the land overlaying the Mineral Resources and proposed open pit and underground mines as outlined in the 2019 PEA and has developed a surface rights acquisition plan for the remaining project layout subject to the completion of geotechnical work required to support the milling, tailings and waste rock facilities, such acquisition expected to be acquired by the end of 2021.

Both target generation and delineation will continue over 2020, 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. A minimum drilling budget of 10,000 metres and financial budget of approximately US $5,000,000 has been approved for the evaluation of these new priority targets areas and the continuing advancement of Curipamba-El Domo related studies.

On June 22, 2020, the Company and Adventus announced the commencement of the Feasibility Study for the El Domo copper-gold volcanogenic massive sulphide deposit ("El Domo") of Curipamba, with completion expected by the end of 2021 based on a restart of field activities by October 2020. See "Property Highlights - El Domo Feasibility Study".

Preparation is also under way 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 in 2021.

On October 13, 2020, the Company and Adventus provided an update on the restart of site activities at Curipamba. A&O Consultores Asociados CIA. LTDA. ("AOC") of Quito, Ecuador, restarted drilling to establish the groundwater monitoring wells for the ESIA and project permitting process for the El Domo deposit, and to complete a geotechnical engineering drilling program for the proposed tailings impoundment area, waste rock pads, and mill site location. AOC has restarted two geotechnical drill rigs that remained onsite through the COVID-19 shutdown period and mobilized a third drill rig to accelerate the work program. AOC has also commenced an engineering study to examine five potential routes for the permanent site access road with a focus on safe, reliable access that minimizes impact on the project communities and the environment.

Perforaciones Andesdrill S.A. of Quito, Ecuador, a wholly owned subsidiary of Salazar, 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, and drilling which commenced in March 2020 restarted in October 2020 after the COVID-19 shutdown. Two diamond drill rigs will be employed at El Domo to complete approximately 5,000 metres of definition drilling. In addition, 1,200 metres of geomechanical drilling is planned to supplement historical data and further study the proposed open pit design outlined in the 2019 PEA. The definition drilling is focused on the collection of representative material from the mineral resource for the ongoing metallurgical testing programs and to maximize mineral resource conversion from the Indicated into the Measured category. The program is expected to be completed during the first quarter of 2021.

Planning is also underway for regional drilling to begin in the last quarter of 2020 at the La Vaquera and Sesmo Sur targets. Seven initial targets have been located and a total of 3,000 metres has been allocated to these prospective areas.

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 2020 program has been delayed due to COVID-19 public health measures set out by the Government of Ecuador. In June 2020, with a detailed COVID-19 health and safety protocols having been established to safeguard employees, contractors and the local communities, the Company and Adventus announced the commencement of a drill program on Mercy, the most advanced of the three concessions at the Pijilí project. The 2020 exploration program at Pijilí focuses on drilling the high-priority targets developed from integrating geology, geochemistry, and geophysical data, and will be for a minimum 5,000 metre diamond drill program, expected to run to the end of 2020.

On October 26, 2020, the Company and Adventus provided an update of the diamond drilling activities at the Pijilí project.

MERC-001 intersected numerous breccia units at the top of the drill hole (1.40 to 19.85 metres; 34.40 to 40.2 metres; 65.75 to 67.25 metres; and 112.20 to 131.25 metres) within a variably altered quartz diorite intrusion over its 915-metre length. The breccia units at the top of the drill hole were predominantly biotite and chlorite altered and contained visible sulphide mineralization (chalcopyrite, pyrite, ± bornite, and ± molybdenite). The orientation and potential structural control of the hydrothermal breccia units will require additional drilling at this early stage to be determined. The analytical results from MERC-001 are presented in Table 1.

Table 1: Summary of Analytical Results MERC-001

Drill Hole	From (m)	To (m)	Thickness (m)	Cu (%)	Au (g/t)	Zn (%)	Ag (g/t)	Pb (%)	Approx. True Thickness (m)
MERC-001	1.40	66.00	64.60	0.11	0.20	0.03	4.1	0.44	(1)
	1.40	22.00	20.60	0.18	0.59	0.09	11.5	1.13	(1)
including	1.40	2.65	1.25	0.76	1.00	0.09	20.0	2.15	(1)
including	13.00	22.00	9.00	0.15	1.15	0.20	21.1	2.04	(1)
	560.00	562.00	2.00	0.23	0.03	0.01	1.9	0.30	(1)

Notes:

(1) Due to the early stages of the project and limited geological information, it is impossible to accurately interpret an approximate true thickness

(2) Copper Equivalency ("CuEq") uses LME long-term metal pricing: Cu (US $3.04/lb), Au (US$ 1,908/oz), Mo (US$ 8.90/lb), and Ag (US $24.22/oz)

A current interpretation review of the porphyry system geological framework, hydrothermal alteration, veining and mineralization in MERC-001 to the target generation initiative results suggests the drill hole skirted the northern edge of the hydrothermal breccia system observed in the large surface footprint mapped and exploited by the former artisanal mine within the concession. The technical team is reviewing options for a follow-up drill hole to better evaluate this large known occurrence of mineralized hydrothermal breccia.

MERC-002, drilled 685 metres from MERC-001, successfully intersected mineralized hydrothermal breccia in two intervals from 14.00 metres to 110.70 metres and 113.95 metres to 149.10 metres. These two intervals contain variable concentrations of sulphide mineralization (chalcopyrite, bornite, molybdenite) and display both biotite and chlorite alteration. Below the hydrothermal breccia intervals in MERC-002, weaker intensity sulphide mineralization continues to be noted in both feldspar phyric and hornblende phyric diorite intrusive phases. The analytical results from MERC-002 are presented in Table 2.

Table 2: Summary of Analytical Results MERC-002

Drill Hole	From (m)	To (m)	Thickness (m)	Cu (%)	Au (g/t)	Zn (%)	Ag (g/t)	Pb (%)	Approx. True Thickness (m)
MERC-002	13.85	159.07	145.22	0.22	0.04	0.01	1.1	0.30	(1)
including	61.60	110.70	49.10	0.27	0.05	0.01	1.1	0.36	(1)
including	136.16	151.07	14.91	0.48	0.12	0.02	1.9	0.68	(1)
	188.80	203.25	14.45	0.33	0.15	0.01	2.6	0.54	(1)

Notes:

(1) Due to the early stages of the project and limited geological information, it is impossible to accurately interpret an approximate true thickness

(2) Copper Equivalency ("CuEq") uses LME long-term metal pricing: Cu (US$3.04/lb), Au (US$1,908/oz), Mo (US$8.90/lb), and Ag (US$24.22/oz)

The third drill hole, MERC-003, drilled 167 metres to the east-northeast of MERC-002, was designed to evaluate the porphyry-style veining mapped on surface and to determine if hydrothermal breccia units mapped at the Zambohuaycu showing extend to the northeast. Drilling intersected widespread, low-grade porphyry-style mineralization hosted in the veining, within a predominantly hornblende phyric intrusion, however, no hydrothermal breccia was intersected in MERC-003. The analytical results from MERC-003 are presented in Table 3.

Table 3: Summary of Analytical Results for MERC-003

Drill Hole	From (m)	To (m)	Thickness (m)	Cu (%)	Au (g/t)	Zn (%)	Ag (g/t)	Pb (%)	Approx. True Thickness (m)
MERC-003	6.00	124.10	118.10	0.08	0.03	0.00	0.3	0.12	(1)
including	84.25	85.90	1.65	0.04	0.03	0.05	3.0	0.26	(1)
	168.05	178.10	10.05	0.07	0.05	0.00	0.5	0.13	(1)
	206.32	218.67	12.35	0.15	0.06	0.01	0.6	0.23	(1)
including	214.32	218.67	4.35	0.23	0.12	0.02	0.8	0.39	(1)
	354.85	358.85	4.00	0.15	0.02	0.00	0.8	0.18	(1)

Notes:

(1) Due to the early stages of the project and limited geological information, it is impossible to accurately interpret an approximate true thickness

MERC-004 was designed to further evaluate the hydrothermal breccias of the Zambohuaycu showing and those intersected in MERC-002. It was oriented to undercut MERC-002. Two zones of hydrothermal breccia were intersected from 22.20 to 66.70 metres and from 72.40 to 79.08 metres. Both intervals contain variable concentrations of sulphide mineralization (chalcopyrite, pyrite, ± bornite, and ± molybdenite) and display biotite, chlorite, and sericite alteration. As seen in MERC-002, sporadic sulphide mineralization is present in both the feldspar porphyritic and hornblende porphyritic phases of the diorite intrusion below the upper hydrothermal breccia intervals.

MERC-005 was drilled to the northwest from the MERC-003 platform under the area northeast of the Zambohuaycu showing. It has intersected three phases of the diorite intrusion, a hornblende phyric phase from 10.50 to 416.55 metres, a feldspar phyric phase from 422.30 to 456.63 metres, and a quartz-rich phase from 463.04 to end of drill hole at 686.40 metres. Hydrothermal breccia was present from 167.15 to 179.75 metres. This drill hole displays generally stronger hydrothermal alteration and higher aggregate quartz dominant vein content (A-, B-, and AB-type) signatures relative to the prior holes located to the south.

The sixth drill hole, MERC-006, is currently in progress at 670 metres and is being drilled 133 metres to the northeast of MERC-003 and MERC-005. It was designed to evaluate the porphyry-style veining mapped on surface and to determine if hydrothermal breccia units mapped at the Zambohuaycu showing, 300 metres to the southwest. The drill hole has remained in the hornblende phyric diorite intrusion except for one narrow interval of hydrothermal breccia (30.21 to 32.40 metres) and two magmatic breccia intervals (55.20 to 77.60 and 161.46 to 162.77 metres). Sulphide mineral content is variable, but the drill hole does contain both chalcopyrite and pyrite mineralization associated with the porphyry veining.

MERC-007 is currently in progress and was collared 412 metres to the north of MERC-002, and it was designed to evaluate the porphyry-style veining and hydrothermal breccia mapped on surface. It is currently at 371 metres with drilling having started in the feldspar porphyritic diorite intrusion and then transitioned at 168.45 metres to quartz diorite. The drill hole has sulphide mineralization logged over its entire length with the feldspar porphyritic diorite possessing predominantly chalcopyrite, however, upon the transition to quartz diorite, pyrite appears, and its content increases downhole as chalcopyrite decreases.

Samples from MERC-004 are currently in the laboratory queue while technical staff are still sampling MERC-005. The technical staff are also actively core logging both MERC-006 and MERC-007 while drilling continues. Assay results from these drill holes will be released after they are received from the laboratory and passed internal quality assurance and quality control (QAQC) protocols during the fourth quarter of 2020.

Table 4: Drill Collar Information

Hole ID	EAST	NORTH	ELEV (m)	AZIMUTH	DIP	PLANNED DEPTH (m)	EOH (m)
MERC-001	678454	9670625	3236	225	-80	900	915.0
MERC-002	677819	9670884	2826	330	-70	600	630.7
MERC-003	677977	9670939	2952	180	-50	500	369.5
MERC-004	677819	9670884	2826	330	-85	600	465.1
MERC-005	677978	9670933	2966	330	-50	700	686.4
MERC-006	678081	9671017	2966	030	-60	600	In progress
MERC-007	677812	9671296	3009	295	-75	800	In progress

Notes:

(1) UTM Datum (Provisional South American 1956, Zone 17)

Zambohuaycu Norte - Manual Test Pit Reconnaissance Program

The manual test pits program for Zambohuaycu Norte was designed to evaluate possible extensions of porphyry copper-gold molybdenum mineralization both north and northwest of the Zambohuaycu showing that coincides with location of the core of the MDRU Porphyry Index and airborne geophysical MobileMT CET Porphyry Analysis targets (see June 8, 2020 news release). Technical staff commenced work in early September 2020 using a 40 metre by 40 metre spacing and currently, a total of 24 locations have been sampled over approximately 800 to 900 square metres. Field crews continue to work on this high priority target area. Of the 12 samples returned from the laboratory, results for copper ranged from 280 ppm to 5,706 ppm, with five samples greater than 1,100 ppm. The highest two samples from the manual test pit program are from new locations of hydrothermal breccia yielding 4,439 ppm copper and 5,706 ppm, respectively.

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

In 2019, an airborne geophysical survey (MobileMT) was flown in a systematic grid pattern to ensure full coverage and depth penetration and field crews successfully completed 94.2% line-kilometres at the Santiago Project. Drilling will be considered once a target generation evaluation is completed. A summary of all exploration work to date is being compiled in anticipation of the resumption of field activities after the COVID-19 suspension.

In June 2020, the Corporation announced that preparations and planning were under way for the commencement of work at the Santiago project. The 2020 exploration program at Santiago will consist of field work for the validation of historical results and in conjunction with results from the airborne MobileMT geophysical results, to finalize target generation for drilling, and having identified targets, then to undertake drilling to both confirm historical drilling results and to test the possible depth extent of this intrusion-related system. Due primarily to complications resulting from COVID-19, a minimum 3,000-metre drill program is now being planned to start in mid-2021.

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 continues to work on its strategy to discover, de-risk and define deposits within its wholly-owned portfolio. Salazar Resources intends to retain 100% exposure to its top future discovery and to find mid-tier or major mining company partners for the more advanced work on its non-core discoveries.

The Company is working closely with regulators in Ecuador and has established detailed health & safety protocols to enable field work on its 100%-owned licences. The non-renewable resources sector has been designated as strategic and vital to the economy by the government. As such, field work is actively encouraged, while keeping the safeguarding of local communities, employees, and contractors as a priority. Key aspects include strict hygiene, physical distancing and appropriate quarantining.

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 paid US $200,000 and agreed to make additional cash payments totalling US $400,000 (collectively the "Option Proceeds"), as follows:

- 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 Company is also required to incur US $142,000 minimum exploration expenditures on the Macara concession over two years.

The Macara Vendor 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.

(ii) In July 2017 the Company was awarded a concession (the "Bonanza Concession), located in the provinces of Loja and Tacamoros, Ecuador. As at September 30, 2020 the Company has incurred $1,147,724 (December 31, 2019 - $703,088) 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 with gold caps at surface. 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, in 2019, 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 had anticipated executing a first pass drill program of up to 3,000m during fiscal 2020 prior to the disruption caused by COVID-19.

Ahead of drilling to target gold resources and VMS accumulations, the Macara Mina licence has been digitally mapped to provide a topographic model accurate to 5 cm. On November 12, 2020, the Company announced that it has commenced a ground-based gravity and magnetic geophysical survey comprising seventeen lines, spaced 100 m apart, for 31 line-kms in total. Magnetic and gravity measurements will be taken approximately every 100 m. Deep Sounding, High Resolution Geophysics, Peru, has been contracted to carry out the work. Ground gravity geophysics is a proven tool in VMS exploration, especially for pin-pointing deposits that are not exposed at surface. Several blind massive sulphide deposits have been discovered using joint interpretation of geological and geophysical models, including Neves-Corvo and Lagoa Salgada in Portugal, Valverde and Las Cruces in Spain, and the Tambo Grande deposits in Peru, just 90 km to the southwest of Macara. The Company anticipates drilling the Macara targets during 2021.

Rumiñahui Project

The Ruminahui Project comprises two concessions located in the province of Pichincha, Ecuador.

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 has scheduled a Phase 1 drill programme of approximately 3,000m to start dependent on when 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.

With partial lifting of COVID-related restrictions in Ecuador, fieldwork at the Rumiñahui Project commenced in early July 2020 and started with stream sediment sampling, mapping and rock chip sampling. It is the first time that geologists have carried out systematic technical work at Rumiñahui since 2007 given the complexity of community relations initially encountered by the Company in the area. After lengthy community engagement and dialogue, the Company has now signed an access agreement allowing field work to progress. The sampling and mapping work will help to delineate targets that are planned to be drilled in 2021.

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, as follows:

Interest	**Amount US$**
15% on March 21,2019	35,000 (paid)
15% on March 21,2020	35,000 (paid)
20% on March 21,2021	50,000
25% on March 21,2022	65,000
25% on March 21,2023	65,000
	250,000

The Los Osos Vendor also 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. 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 the Company due to their small tonnage potential.

On September 23, 2020 the Company announced a 5,000m diamond drill program to test mineralized porphyry and associated veins and hydrothermal breccias identified in mapping and sampling. The plan is to drill up to 5,000m starting in October 2020 to test the depth-extent of gold-copper mineralization that is visible at the surface in porphyries and hydrothermal breccias. Drilling at Los Osos is ongoing.

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

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

	Fiscal 2020			**Fiscal 2019**				**Fiscal 2018**
Three Months Ended	**Sep. 30 2020 $**	**Jun. 30 2020 $**	**Mar. 31 2020 $**	**Dec. 31 2019 $**	**Sep. 30 2019 $**	**Jun. 30 2019 $**	**Mar. 31 2019 $**	**Dec. 31 2018 $**
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(280,802)	(547,933)	(536,639)	(228,152)	(239,933)	(274,972)	(1,214,910)	(243,898)
Other items	124,121	66,210	(13,163)	32,690	132,608	106,328	365,978	(2,770,870)
Net loss	(156,681)	(481,723)	(549,802)	(195,462)	(107,325)	(168,644)	(848,932)	(3,014,768)
Other comprehensive income (loss)	(612,553)	(1,071,903)	2,112,153	1,964,476	(521,993)	(563,476)	(253,529)	5,454,698
Comprehensive (loss) income	(769,234)	(1,553,626)	1,562,351	1,769,014	(629,318)	(732,120)	(1,102,461)	2,439,930
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)
Balance Sheet:								
Working capital	2,681,622	3,248,935	3,730,964	4,462,286	4,324,303	4,945,970	5,472,417	5,558,915
Total assets	26,781,862	26,563,796	28,218,436	26,259,090	21,030,693	21,470,208	21,958,181	27,282,064
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months ended September 30, 2020 Compared to the Three Months ended June 30, 2020

During the three months ended September 30, 2020 ("Q3/2020") the Company recorded a net loss of $156,681 compared to a net loss of $481,723 for the three months ended June 30, 2020, a decrease in loss of $325,042. The decrease is primarily attributed to $120,526 drill income, net of costs, generated from drilling activities in Q3/2020 on the Pijili Project which is being funded by Adventus.

Three Months Ended June 30, 2020 Compared to the Three Months Ended March 31, 2020

During the three months ended June 30, 2020 ("Q2/2020") the Company recorded a net loss of $481,723 compared to net loss of $549,802 for the three months ended March 31, 2020 ("Q1/2020") a decrease in loss of $68,079. The decrease is primarily attributed to a foreign exchange gain of $18,600 during Q2/2020 compared to a foreign exchange loss of $31,633 during Q1/2020.

Three Months Ended March 31, 2020 Compared to the Three Months Ended December 31, 2019

During the three months ended March 31, 2020 ("Q1/2020") the Company recorded a net loss of $549,802 compared to net loss of $195,462 for the three months ended December 31, 2019 ("Q4/2019") an increase in loss of $354,340. The fluctuation is primarily attributed to the following:

(i) during Q1/2020 the Company incurred drill rig standby costs of $277,616 compared to $54,392 in Q4/2019 as the Company was able to deploy the drill rigs to a third party to recover costs; and
(ii) during Q4/2019 the Company capitalized certain expenses to exploration and evaluation assets.

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.

Nine Months ended September 30, 2020 Compared to the Nine Months Ended September 30, 2019

During the nine months ended September 30, 2020 (the "2020 period") the Company reported a net loss of $1,188,206 compared to a net loss of $1,124,901 for the nine months ended September 30, 2019 (the "2019 period"), an increase in loss of $63,305. The fluctuation is primarily attributed to a decrease in expenses from $1,729,815 during the 2019 period to $1,365,374 during the 2020 period which was partially offset of by a $367,315 gain on sale of investments during the 2019 period compared to $nil during the 2020 period. In addition the Company recorded drill income net of costs of $120,526 during the 2020 period compared to $nil during the 2019 period.

Excluding cost recoveries, expenses decreased by $974,399 from $2,610,659 during the 2019 period to $1,636,260 during the 2020 period to. Specific expenses of note are as follows:

(i) during the 2019 period the Company recorded share-based compensation of $503,681 on the granting and vesting of share options compared to $31,257 during the 2020 period;
(ii) incurred salaries, compensation and benefits of $340,375 during the 2020 period compared to $555,729 during the 2019 period. The decrease during the 2020 period reflects the Company capitalizing certain salaries and compensation to exploration and evaluation assets;
(iii) incurred general exploration of $35,839 (2019 - $413,242). The decrease reflects the Company capitalizing general exploration costs to exploration and evaluation assets; and
(iv) incurred corporate development fees of $140,329 (2019 - $42,448). During the 2020 period the Company conducted several market awareness programs.

During Q3/2020 the Company purchased significant drill supplies and consumables for the resumption of drilling, As a result, prepaids and other items balance at September 30, 2020 was $1,671,160, which includes $564,020 for drill supplies and consumables, compared to $596,151 at December 31, 2019 and $838,744 at June 30, 2020.

Exploration and Evaluations Assets

During the 2020 period the Company incurred a total of $984,033 (2019 - $6,824,617) for exploration and evaluation assets comprising of $106,781 (2019 - $4,517,142) on the Curipamba Project and $877,252 (2019 - $2,307,475) on other projects. During the 2020 period Adventus funded a total of $6,676,613 (2019 - $6,342,306) for costs incurred by the Company, of which $2,055,334 (2019 - $595,457) was applied against property, plant and equipment, $4,350,393 (2019 - $4,866,005) against exploration and evaluation assets and $270,886 (2019 - $880,844) as an expense recovery. As at September 30, 2020, a balance of $30,718 (2019 - balance of $52,804 was due from the joint venture) was due to the joint-venture partner and $440,437 (2019 - $278,872) 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, 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

	Curipamba $	Exploration Alliance $	Other $	Total $
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
Exploration costs				
Assay analysis	165,834	-	49,783	215,617
Camp supervision and personnel	39,697	-	390,792	430,489
Camp supplies	-	-	64,839	64,839
Community relations	157,650	-	7,421	165,071
Consulting	111,764		-	111,764
Depreciation	-	-	14,542	14,542
Drilling	372,804	-	-	372,804
Environmental studies	137,475	-	2,031	139,506
Equipment maintenance	138,281	-	17,229	155,510
Exploration site	880,806	-	32,787	913,593
Geological	-	-	29,797	29,797
Legal	78,178	-	23,612	101,790
Salaries	1,656,424	-	2,817	1,659,241
Supplies	17,521	-	61,456	78,977
Travel	91,035	-	33,516	124,551
	3,847,469	-	730,622	4,578,091
Acquisition costs				
Property / concession payments	269,704	-	112,950	382,654
Other				
VAT incurred	233,220	-	20,565	253,785
Cost recoveries	(4,350,393)	-	-	(4,350,393)
Management fees	(355,399)	-	-	(355,399)
Drilling services	(25,502)	-	-	(25,502)
Foreign exchange movement	487,682	-	13,115	500,797
	(4,010,392)	-	33,680	(3,976,712)
Balance at September 30, 2020	18,900,424	-	2,070,072	20,970,496

See also “Properties Update”.

Financing Activities

No financings were conducted during the 2020 or 2019 periods.

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 September 30, 2020 the Company had working capital of $2,681,622 and an accumulated deficit of $26,723,160. Management considers that the Company has 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 September 30, 2020, 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:

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 the 2020 and 2019 period the following amounts were incurred with respect to the Company's President and CEO, Fredy Salazar, the CFO, Pablo Acosta and the Executive Vice-President Merlin Marr-Johnson:

	2020 $	2019 $
Mr. Salazar		
- Salaries and compensation	78,479	71,750
- Health benefits	4,598	2,924
- Share-based compensation	-	95,000
	83,077	169,674
Mr. Acosta		
- Salaries and compensation	82,859	73,329
- Health benefits	2,486	2,923
- Share-based compensation	-	55,000
	85,345	131,252
Mr. Marr-Johnson		
- Consulting fees	92,750	67,500
- Share-based compensation	15,257	31,515
	108,007	99,015
	276,429	399,941

As at September 30, 2020 $39,335 (December 31, 2019 - $nil) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During the 2020 and 2019 periods the following consulting expenses were incurred with respect to non-executive directors and a former corporate secretary (Freddy Salazar) of the Company:

	2020 $	2019 $
Consulting fees - Etienne Walter	18,208	17,900
Consulting fees - Nick DeMare	36,532	35,883
Consulting fees - Jennifer Wu	18,208	17,952
Consulting fees - Freddy Salazar (1)	17,924	-
Share-based compensation - Etienne Walter	-	30,000
Share-based compensation - Nick DeMare	-	40,000
Share-based compensation - Jennifer Wu	-	30,000
	90,872	171,735

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

As at September 30, 2020 $2,001 (December 31, 2019 - $18,918) remained unpaid.

(ii) During the 2020 period the Company incurred a total of $42,540 (2019 - $41,875) 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 September 30, 2020 $4,669 (December 31, 2019 - $nil) remained unpaid.

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

(c) During the 2020 period the Company incurred $83,039 (2019 - $167,454) for equipment rental services and $104,589 (2019 - $101,668) for professional services provided provided by Amlatminas S.A.

("Amlatminas") a private corporation controlled by Mr. Salazar and Mr. Acosta. As at September 30, 2020 $57,982 (December 31, 2019 - $57,982) remained unpaid.

(d) During the 2020 period the Company incurred $26,401 (2019 - $22,726) for storage rental provided by Agrosamex S.A. ("Agrosamex"), a private corporation controlled by the son of the President of the Company.

(e) During the 2020 period the Company incurred $42,230 for environmental studies provided by Cinge CIA LTDA ("Cinge"), a private corporation owned by the CFO of the Company.

(f) During the 2020 period the Company incurred $6,959 for geological services provided by Sthejobs Services S.A. a private corporation controlled by the CFO of the Company.

(g) 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.

(h) *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 the 2020 and 2019 periods

	2020		**2019**	
	Total $	**Recovered from Adventus $**	**Total $**	**Recovered from Adventus $**
Salaries and Compensation				
Mr. Salazar	78,479	-	71,750	35,884
Mr. Acosta	82,859	43,867	73,329	43,060
Geological Services				
Amlatminas	104,589	104,589	101,668	101,668
Rentals				
Agrosamex (storage)	26,401	26,401	22,726	22,726
Amlatminas (equipment)	83,039	83,039	167,454	167,454

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 November 30, 2020, there were 126,987,790 issued and outstanding common shares, 11,562,000 share options outstanding at exercise prices ranging from $0.12 to $0.22 per share, and 1,000,000 share purchase warrants outstanding at an exercise price of $0.12 per share.