SALAZAR RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024

This discussion and analysis of financial position and results of operation is prepared as at February 28, 2025 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the twelve months ended December 31, 2024 of Salazar Resources Limited (the "Company" or "Salazar"). The following disclosure and associated financial statements are presented in accordance with IFRS Accounting Standards. 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.sedarplus.ca and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

Company Overview

The Company's principal business activity is the acquisition, exploration and development of mineral properties in Ecuador. As of the date of this MD&A 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, on the OTCQX under the symbol "SRLZF", 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 had previously been the ongoing exploration activities on the Curipamba Project in Ecuador. In late fiscal 2017 the Company entered into an option agreement (the "Curipamba Option Agreement") with Adventus Mining Corporation ("Adventus") whereby Adventus could earn (the "Earn-In") a 75% interest in the Curipamba Project with Adventus funding costs of US $25,000,000 over five years, including the completion of a feasibility study on the El Domo deposit. Under the Curipamba Option Adventus agreed to provide the Company with US $250,000 per year advance payments until achievement of commercial production, to a maximum of US $1,750,000. On October 11, 2023 the Company received the final US $250,000 advance payment and has now received all US $1,750,000. On December 10, 2021, having filed the feasibility study ("Feasibility Study") titled "National Instrument 43-101 ("NI 43-101") Technical Report Feasibility Study - Curipamba El Domo Project", Adventus has completed the final milestone requirement under the Option Agreement. On December 31, 2021 (the "Option Exercise Date") the Company approved the transfer of a 75% ownership interest in Salazar Holdings, effectively reducing the Company's ownership interest to 25%.

Upon achievement of commercial production, Adventus will receive 95% of the distributions from the Curipamba Project until its aggregate investment, including the US $25,000,000, minus the Company carrying value of US $19,800,000 when the Curipamba Option was signed, has been received after which distributions will be shared on a pro-rata basis according to their respective ownership.

The Company and Adventus also entered into an exploration alliance agreement (the "Exploration Alliance") to jointly explore Ecuador with the initial focus on zinc assets. The Exploration Alliance company, 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. The Company receives a 10% fee on certain expenditures incurred, subject to an annual maximum fee of US $200,000 on costs pertaining to surface rights acquisitions. Through the completion of various earn-in agreements with the Company, Dos Gemas holds the Pijili Project and the Santiago Project.

On July 31, 2024 Silvercorp Metals Inc. ("Silvercorp") completed its transaction to acquire all of the outstanding common shares of Adventus not already owned. Adventus is now a wholly-owned subsidiary of Silvercorp. This marks a significant milestone in the Company's growth trajectory and a commitment to advancing the El Domo deposit.

Change of Year-End

In November 2024 the Company changed its fiscal year-end from December 31st to March 31st. The Company determined that a March 31st financial year-end is preferable as this change in year-end will synchronize the Company's financial reporting with that of Silvercorp., the Company's new partner at the Curipamba project. As a result, the Company will report on or before July 29, 2025, the audited financial results for a transitional financial period for the 15 months ending March 31, 2025, with comparative financial statements as at and for the year ended December 31, 2023. Thereafter, the Company will revert to a quarterly reporting calendar based on a March 31st financial year-end, with reporting periods ending on the last day of June, September, December and March each year.

Property Assets and Exploration Activities

Investment in Associate - Curipamba

On July 31, 2024, with the completion of Silvercorp's acquisition of Adventus, Silvercorp became the Company's joint venture partner, holding a 75% interest in Salazar Holdings Ltd. ("Salazar Holdings"). The principal asset of Salazar Holdings remains the El Domo Project.

The El Domo Project is a permitted, pre-construction stage copper-gold project, now 75% owned by Silvercorp and 25% owned by the Company. The El Domo Project is located in central Ecuador, approximately 150 km northeast of the major port city of Guayaquil (about a three hour drive). The El Domo Project spans low-lying hills and plains between 300 to 900 m above sea level.

In order to develop the El Domo Project, Adventus entered into a precious metals purchase agreement ("PMPA") with Wheaton Precious Metals International Ltd. ("Wheaton"). The PMPA provided Adventus with access to an upfront cash consideration of $175,500,000 and a $5,000,000 equity commitment. Of this, $13,000,000 was made available as an early deposit (the "Early Deposit") for pre-construction activities, and $500,000 for local community development initiatives (the "ESG Deposit") prior to production. The remainder will be available in four installments during construction, subject to certain customary conditions precedent being satisfied.

Under the PMPA, Wheaton will purchase 50% of the payable gold production until 145,000 ounces have been delivered, thereafter dropping to 33% for the life of mine; and 75% of the payable silver production until 4,600,000 ounces have been delivered, thereafter dropping to 50% for the life of mine.

Wheaton will make ongoing payments for the gold and silver ounces delivered equal to 18% of the spot prices ("Production Payment") until the value of gold and silver delivered less the Production Payment is equal to the upfront consideration of $175,500,000 at which point the Production Payment will increase to 22% of the spot prices.

As at September 30, 2024, Wheaton had advanced Adventus a total of $13,250,000 (July 31, 2024 - $13,250,000), being the $13,000,000 as Early Deposit and $250,000 as ESG Deposit to support the training programs for members of the communities. Pursuant to the terms of the PMPA, Adventus was required to deliver approximately 92.3 ounces of gold to Wheaton monthly until the development of El Domo reaches certain milestones or the deposits will be repaid. On November 12, 2024, Silvercorp announced the repayment of the funds previously drawn by Adventus from Wheaton under the PMPA. As a result of the repayment, the PMPA's full US $175,500,000 cash contribution will be available to be drawn by Silvercorp during construction, subject to certain conditions.

In June 2024, an action seeking to void the environmental license of the El Domo Project was brought in the local court in Las Naves Canton, Bolívar Province, Ecuador (the "Court") by a group of plaintiffs alleging defects in the environmental consultation process for the El Domo Project. The Court rejected the litigation on July 24, 2024 ruling that the Ecuadorean government correctly discharged its environmental consultation obligations prior to issuing an environmental license for the El Domo Project. The plaintiffs filed an appeal to the provincial court, and the Appeal was heard by the provincial court of Bolívar Province on October 17, 2024. On November 12, 2024, the Provincial Court of Bolivar dismissed the appeal filed by the plaintiffs in respect of the Curipamba-El Domo constitutional protective action, affirming the rights of Silvercorp's Ecuadorian subsidiary, Curimining SA, to continue construction of the project. The court dismissed the appeal and affirmed the lower court decision that the Ministry of Environment, Water and Ecological Transition of Ecuador ("MAATE") correctly discharged its environmental consultation obligations prior to issuing an environmental licence for the project. MAATE was supported by the Attorney General's Office, Curimining (as an interested third party) and over 800 individuals who participated in the process as additional supporting third parties.

With the acquisition of Adventus by Silvercorp, a proven mine operator is now managing the project and has taken decisive initial steps. Since the Adventus acquisition, Silvercorp has made substantial progress in advancing the El Domo Project, highlights included:

(a) Streamlined the Ecuadorian Operations: Optimized the organization chart by moving the management team and personnel to the El Domo project site from the Quito office.

(b) Continued Community Engagement: Maintained open lines of communication with local communities and government representatives, keeping them informed of changes in the project ownership and leadership, as well as on construction plans.

(c) Advanced Detailed Engineering:

    (i) reviewed the previous technical work, including interviewing all consulting firms to confirm all previous studies and detailed engineering designs for optimization;
    (ii) optimized design with Klohn Crippen Berger ("KCB") for the Tailing Storage Facilities ("TSF"), starter dam and impound area, Saprolite Waste Dump ("SWD"), and non-contact water channels;

(iii) selected a new site for the process plant so that its preparation will provide the required non-acid generating rocks for the construction of the starter dam of the TSF, while minimizing trucking distances;
(iv) optimized open pit mine design for mining, stripping, and scheduling, and coordinated the mining schedule with ongoing tailings dam raises using stripped waste rock;
(v) commenced metallurgical test work on selective flotation - potentially leading to higher recoveries and improved payabilities; and
(vi) started Detailed Engineering Design ("EP") for the process plant, including engaging a consulting engineer, equipment selection, purchasing and detailed engineering drawings.

(d) Advanced Project Infrastructure:

(i) optimized designs for a new public bypass road and internal operational haul roads;
(ii) executed a powerline contract with the Ecuadorian state-owned power company ("CNEL EP"). The construction contractor will be selected once the updated engineering design is completed; and
(iii) commenced permitting for standby diesel power generation for the dry season, as climate change has impacted the power supply situation in Ecuador.

(e) Produced Project Materials Balance: including total cubic metres of cutting, filling, cement, and amount of high-density polyethylene material, and bill of quantities for the major construction projects of the mine and process plant, which are divided into three bidding packages:

(i) Bid Package 1: Construction of temporary camp, TSF to starter dam phase, SWD, non-contact water channels, internal haul roads, and preparation of the process plant site and permanent camp site;
(ii) Bid Package 2: Mining, stripping and ongoing tailings dam raises using stripped waste rocks; and
(iii) Bid Package 3: Construction of the process plant, tailings discharge and back water systems, water treatment plants, permanent camp, and other site infrastructure.

(f) Adopted "Unit Cost" Criteria (as compared to "Open Book") for potential contractors to bid on the three construction packages outlined above. For example, "Unit Cost" for blasting or cutting one cubic metre of rock or saprolite, then loaded and trucked to, within two kilometres, includes all personnel and management costs, plus any profit contractor intends to have for the work. Monthly total payments will be based on measured cubic metres of cutting.

(g) Awarded the Bid Package 1 commercial contract to CCRC 14 Bureau Group Co. Ltd. ("CCRC 14") after a bidding process from three mining contractors with operation at Ecuadorian mining or construction sites.

CCRC 14 has a regional headquarter in Quito and over ten years operating experience in Ecuador building infrastructure in open pit mines and in the heavy civil construction sectors. CCRC 14 is currently at the El Domo Project to work on the access road and site preparation for the temporary camp construction.

Silvercorp also plans to award Bid Package 2 and 3 in the next three months to ensure the project stays on schedule to start production in the second half of 2026.

Total expenditures incurred by Silvercorp, since the Adventus acquisition at the El Domo Project were $4.300,000.

Exploration Alliance

The Company continues to hold a 20% carried interest in the Exploration Alliance company initially established with Adventus. The principal properties held in the Exploration Alliance are the Pijili Project and the Santiago Project.

(i) *Pijilí Project*

The Pijilí project consists of five concessions totalling 3,254 hectares, three from the government tender in 2017 and two from the purchase of an artisanal mine. 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. Between July 2020 and March 2021, a total of twelve drill holes has been completed on the Mercy concession totalling 7,031 metres. In 2022, it became known that a third party is in dispute with the Ministry of Energy and Mines of Ecuador on the title of two of the five concessions related to Piliji. Management believes this is without merit and is confident that this will be resolved in due course. The matter remains unresolved and the Pijili project is on care and maintenance.

(ii) *Santiago Project*

The Santiago Project consists of a single concession that encompasses 2,350 hectares. It is in a geological setting similar to the nearby Loma Larga deposit owned by Dundee Precious 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.

A 2,500-metre drilling program was designed to twin the Newmont drill hole but was delayed to accommodate additional community relations work. (see June 15, 2020 news release for maps and historical drilling summary). The Santiago project is on care and maintenance.

The Company has executed a binding Letter Agreement (the “Agreement”) for the purchase, from Silvercorp, of certain exploration assets in Ecuador (the “Transactions”). The parties are working diligently to complete the necessary documentation to finalize the sale.

Under the terms of the Agreement, the key terms of which are outlined below, Silvercorp will transfer the shares of two of its Ecuadorian subsidiaries to Salazar, which companies hold the following mineral exploration properties in exchange for net smelter return (“NSR”) royalties in such properties:

(i) the portion of the Santiago Project Silvercorp owns to Salazar in exchange for a 1.5% NSR royalty on the entire project, subject to a $3,000,000 repurchase option;
(ii) the portion of the Pijilí Project Silvercorp owns to Salazar in exchange for a 1.5% NSR royalty on the entire project, subject to an option to repurchase 1% NSR royalty on the project in exchange for $1,000,000.

Other Acquisitions

In conjunction with the acquisition of the Pijili and Santiago projects, the Company has also agreed to acquire from Silvercorp the Tarqui and La Canela projects. Details of agreed terms are:

(i) the Tarqui Project in exchange for a 1.5% NSR on the entire project, subject to an option to repurchase 1% NSR on the project in exchange for $1,000,000; and
(ii) the La Canela Project in exchange for a 1.5% NSR royalty on the project, subject to an option to repurchase 1% NSR royalty on the project in exchange for $1,000,000.

Work is ongoing to finalize an acquisition agreement. There will be one agreement for the acquisition of these projects as well as the Pijili and Santiago projects.

Los Santos Concession

On December 8, 2020 the Company entered into a binding letter of intent (the “Los Santos LOI”) with Minera Mesaloma S.A. (“Mesaloma”) whereby the Company may acquire a 100% interest in the 2,215 hectares Los Santos Concession, in southwest Ecuador located approximately 10 km northeast of Los Osos.

On November 24, 2021 the Company and Mesaloma and other parties (collectively the “Optionor”) completed the definitive agreement (the “Mining Option and Shareholders’ Agreement”) under which the Company may acquire up to a 90% beneficial interest in Santos Resources Ltd. (“Santos Resources”), a company incorporated to hold a 100% beneficial interest in the Los Santos Concession, by making option payments (the “Option Payments”) totalling US $1,950,000, Upon the Company having earned a beneficial 90% interest in the Los Santos Concession the Company may acquire the remaining 10% interest by paying the Optionor US $2,000,000 and granting a 1.5% NSR.

In September 2023 the Company reviewed its ongoing investment in Santos Resources however, given the uncertainty, determined, in fiscal 2023, to record an impairment of $2,474,365 for all costs capitalized. The Company terminated the Mining Option and Shareholders’ Agreement on March 28, 2024.

Wholly-Owned Portfolio

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

During the quarter ended September 30, 2024 the Company determined to not continue making option payments on the option agreement on the El Potro Concession and, accordingly, recorded an $2,143,748 impairment charge for all capitalized costs related to the El Potro Concession. The Los Osos Project was written off in fiscal 2023.

As of the date of this MD&A the Company continues in its efforts to identify and acquire other projects in Ecuador. As at December 31, 2024 the only wholly-owned project which the Company continues to hold is the Macara Project.

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 or November 21, 2024.

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. All investment commitments required by the state have been met.

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.

During 2024 the Company incurred a total of $536,317 of exploration costs on the Macara project the bulk of which were incurred on the Bonanza concession. The Company conducted detailed geological mapping and sampling, both soil and rock sampling.

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 "Investment in Associates" properties and 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 2024				Fiscal 2023			
Three Months Ended	**Dec. 31 2024 $**	**Sep. 30 2024 $**	**Jun. 30 2024 $**	**Mar. 31 2024 $**	**Dec. 31 2023 $**	**Sep. 30 2023 $**	**Jun. 30 2023 $**	**Mar. 31 2023 $**
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(480,301)	(516,232)	(1,114,923)	(592,917)	(648,950)	(481,410)	(1,089,779)	(960,831)
Other items	91,449	(1,959,920)	(29,057)	(34,653)	217,488	(3,863,290)	940,564	210,886
Net loss	(388,852)	(2,476,152)	(1,143,980)	(627,570)	(431,462)	(4,344,700)	(149,215)	(749,945)
Other comprehensive (loss) income	366,473	(105,515)	82,491	198,613	(218,186)	95,997	(176,098)	(69,989)
Comprehensive loss	(22,379)	(2,581,667)	(1,061,489)	(428,957)	(649,648)	(4,248,703)	(325,313)	(819,934)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)	(0.02)	(0.00)	(0.00)
Balance Sheet:								
Working capital	1,158,236	1,737,287	1,735,747	809,032	1,335,748	1,896,453	2,544,890	2,599,246
Total assets	22,384,301	22,581,100	24,493,743	23,557,784	23,832,397	24,567,499	28,832,211	28,954,637
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended December 31, 2024 Compared to the Three Months Ended September 30, 2024

During the three months ended December 31, 2024 ("Q4") the Company recorded a net loss of $388,852 compared to a net loss of $2,476,152 for the three months ended September 30, 2024 ("Q3"), a decrease in loss of $2,087,300 primarily due to an impairment charge of $2,143,748 in Q3 compared to $nil in Q4;

Twelve Months ended December 31, 2024 Compared to the Twelve Months Ended December 31, 2023

During the twelve months ended December 31, 2024 (the "2024 period") the Company reported a net loss of $4,636,584 compared to a net loss of $5,675,322 for the twelve months ended December 31, 2023 (the "2023 period"), a decrease in loss of $1,038,768. The fluctuation is attributed to the following:

(a) recorded a $2,474,365 impairment in investment in associate company (Los Santos Concession) during the 2023 period compared to $nil in the 2024 period;

(b) recorded impairment of exploration and evaluation assets of a $2,143,748 during the 2024 period compared to $1,605,532 in the 2023 period;

(c) a $538,144 fluctuation in drill income, from drill income of $842,148 in the 2023 period to drill income of $304,004 during the 2024 period;

(d) a $114,259 decrease in equity loss in Salazar Holdings from $257,691 during the 2023 period compared to a loss of $143,432 during the 2024 period;

(e) recognition of insurance proceeds recovery of $482,436 in the 2023 period from the loss of a drill rig due to fire;

(f) a $490,930 decrease in expenses, from $3,180,970 during the 2023 period to $2,690,040 during the 2024 period. Specific fluctuations in expenses are as follows:

    (i) recorded share-based compensation of $646,505 during the 2024 period on the granting and vesting of share options and RSUs compared to $352,930 during the 2023 period; and
    (ii) a $709,000 decrease in drill expenses, from drill expenses of $1,629,587 in the 2023 period to drill expenses of $920,587 in the 2024 period.

Exploration and Evaluations Assets

During the 2024 period the Company incurred a total of $769,296 (2023 - $1,214,501) for exploration and evaluation assets.

Details of the exploration and acquisition expenditures for the 2024 period are as follows:

	Macara $	El Potro $	Total $
Balance at December 31, 2023	4,836,377	1,886,051	6,722,428
Exploration costs			
Assay analysis	35,606	161	35,767
Camp supervision and personnel	-	14,967	14,967
Camp supplies	-	3,314	3,314
Community relations	-	3,314	3,314
Depreciation	13,889	227	14,116
Environmental studies	10,960	-	10,960
Exploration site	226,023	60,865	286,888
Legal	-	9,327	9,327
Salaries	249,839	98,556	348,395
	536,317	190,731	727,048
Acquisition costs			
Property/concession/option payments	27,562	14,686	42,248
Other			
Foreign exchange movement	418,731	52,280	471,011
Impairment provision	-	(2,143,748)	(2,143,748)
Balance at December 31, 2024	5,818,987	-	5,818,987

See also "Properties Update".

Financing Activities

During the 2024 period the Company completed non-brokered private placement financings as follows:

(i) issued a total of 30,600,000 common shares for proceeds of $1,530,000; and
(ii) issued a total of 7,140,000 common shares for proceeds of $499,800.

During the 2023 period the Company completed the final tranche of a non-brokered private placement financing of common shares, at $0.10 per share, and issued 3,685,210 common shares for $368,521.

Financial Condition / Capital Resources

As at December 31, 2024 the Company had working capital of $1,158,236. To date the Company has not earned any revenues from its mineral interests and the Company's operations are primarily funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. The Company requires additional funding to maintain its current levels of overhead for the next twelve months and to fund existing levels of planned exploration expenditures. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

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, 2023 audited annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies. A detailed summary of the Company's accounting policies is included in Note 3 to the December 31, 2023 audited annual consolidated financial statements.

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 2024 and 2023 period the following amounts were incurred with respect to the Company's President and CEO, Fredy Salazar, the CFO, Pablo Acosta and the former Executive Vice-President Merlin Marr-Johnson:

	2024 **$**	**2023** **$**
Mr. Salazar		
- Salaries and compensation	54,228	59,503
- Health benefits	-	4,983
- Share-based compensation (share options)	122,010	55,706
- Share-based compensation (RSUs)	-	6,564
	176,238	126,756
Mr. Acosta		
- Salaries and compensation	42,923	45,654
- Health benefits	-	2,005
- Share-based compensation (share options)	30,618	18,294
- Share-based compensation (RSUs)	-	2,917
	73,541	68,870
Mr. Marr-Johnson (1)		
- Consulting fees	9,000	29,500
- Share-based compensation (share options)	31,546	23,235
- Share-based compensation (RSUs)	-	5,470
	40,546	58,205
	290,325	253,831

(1) Mr. Marr-Johnson stepped-down as Executive Vice President on February 17, 2023 but remains a director.

As at December 31, 2024 $4,500 (2023 - $13,250) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During the 2024 and 2023 period the following consulting expenses were incurred with respect to non-executive directors of the Company:

	2024 $	2023 $
Consulting fees		
- Etienne Walter	5,611	15,084
- Nick DeMare	14,466	19,261
- Jennifer Wu[(1)]	5,411	-
- Mary Gilzean[(2)]	6,128	15,084
- Freddy Salazar[(3)]	10,414	-
Share-based compensation (share options)		
- Etienne Walter	30,387	17,058
- Nick DeMare	402	17,141
- Mary Gilzean	35,856	35,321
Share-based compensation (RSUs)		
- Etienne Walter	-	1,276
- Nick DeMare	-	2,918
- Mary Gilzean	-	8,363
	108,675	131,506

(1) Ms. Wu was appointed as a director on July 26, 2024.
(2) Ms. Gilzean resigned as a director on July 22, 2024.
(2) Mr. Salazar Jr. was appointed corporate secretary on June 19, 2024.

As at December 31, 2024 $nil (2023 - $13,342) remained unpaid.

(ii) During the 2024 period the Company incurred a total of $57,673 (2023 - $56,604) 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, 2024 $nil (2023 - $4,629) remained unpaid.

During the 2024 period the Company also recorded $15,000 (2023 - $6,300) share-based compensation for share options granted to Chase.

(c) During the 2024 period the Company incurred $nil (2023 - $32,386) for equipment rental services and $76,720 (2023 - $175,422) for professional services provided by La Orquidea Lorsa S.A., a private corporation controlled by the President of the Company. As at December 31, 2024 $nil (2023 - $106,854) remained unpaid.

During the 2024 period the Company also recorded $42,000 (2023 - $21,000) share-based compensation for share options granted to the private corporation controlled by the President of the Company

(d) During the 2024 period the Company incurred $29,592 (2023 - $29,147) for storage rental provided by Agrosamex S.A. ("Agrosamex"), a private corporation controlled by the son of the President of the Company.

(e) 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.

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 February 28, 2025, there were 248,859,254 issued and outstanding common shares, 1,114,320 share purchase warrants outstanding at an exercise price of $0.35 per share, 20,183,413 share options outstanding at exercise prices ranging from $0.07 to $0.37 per share, and 763,000 restricted share units.