SALAZAR RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

This discussion and analysis of financial position and results of operation is prepared as at April 27, 2017, and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2016 and 2015 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

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

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.

Company Overview

The Company's principal business activity is the acquisition, exploration and development of mineral properties in Ecuador and Colombia. The Company presently has no proven or probable 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 currently 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 principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia.

See also "Recapitalization", "Property Update" and "Risks and Uncertainties".

Recapitalization

On April 27, 2016 the Company completed a non-brokered private placement financing of 22,293,398 units, at a price of $0.06 per unit for $1,337,604. Each unit consisted of one common share of the Company and a one-half of one share purchase warrant. Resource Capital Fund VI L.P. ("RCF VI") purchased $1,033,774 of the private placement.

In addition the Company negotiated debt settlements for both insiders and non-insiders of the Company in regards to accrued and unpaid compensation pursuant to which $332,122 of debt was forgiven and $336,008 was settled by the issuance on April 27, 2016 of 5,600,132 common shares of the Company, at a price of $0.06 per share.

On April 5, 2016 the Company entered into a letter agreement to sell a 2% net smelter royalty ("NSR") in its Curipamba Project for US $4,750,000. On July 18, 2016 the Company and RCF VI SRL LLC ("RCF SRL"), an affiliate of RCF VI, entered into a royalty agreement whereby the Company sold to RCF SRL a 1% NSR for US $2,375,000. On April 19, 2017 the Company closed on the sale of the additional 1% NSR for a further US $2,375,000.

The Company also agreed to issue a total of 22,762,333 units of the Company, on the same terms as the private placement units, in settlement of $1,365,740 of cash advances previously received and accrued interest payable. On April 27, 2016 the Company completed an initial tranche and issued 14,277,483 units in settlement of $856,649. The remaining 8,484,850 units were issued on July 18, 2016 in settlement of $509,091 debt concurrent with the first closing of the royalty sale.

Property Update

Curipamba Project

The Company's principal asset, which has been the focus of its work programs, is the Curipamba Project where the precious metals rich El Domo volcanogenic massive sulphide ("VMS") deposit has been discovered. On January 22, 2015 the Company filed on SEDAR an amended and restated preliminary economic assessment, dated January 16, 2015, prepared by Buenaventura Ingenieros S.A. in respect of the Company's 100% owned El Domo project in Ecuador. The amended technical report was prepared to address certain deficiencies raised by the B. C. Securities Commission in respect of the previously filed technical report dated March 21, 2014, and there have been no changes to the previously disclosed results of the preliminary economic assessment or to the previously disclosed mineral resource estimate prepared in respect of El Domo. Further drilling is required to evaluate this potential.

In early November 2016 with the closing of the major components of the recapitalization plan, the Company commenced the planned 10,000 metre Phase V drilling program on the Curipamba Project. The program is designed to further expand the El Domo volcanogenic massive sulphide deposit and explore its margins, as well as to test regional anomalies and showings. During fiscal 2016 a total of $1,418,334 was incurred and capitalized on the Curipamba Project.

On March 23, 2017 the Company reported results from the first twelve holes (3,363 meters) of the Phase V diamond drill program in progress on the Curipamba Project. These holes represent new exploratory drilling and were not included in the latest El Domo resource estimate which was SEDAR filed on January 21, 2015. It is anticipated that the drill program will be completed by the third quarter of 2017.

Highlights of the drill program are as follows:

Hole CURI-218: 14.43 metres (13.07m true) averaging 2.65 g/t gold, 10.58 g/t silver, 1.32% copper, 6.63% zinc, including:

- 3.58 metres averaging 9.68 g/t gold, 11.52 g/t silver, 0.46% copper, 2.64% zinc, and
- 4.47 metres averaging 0.29 g/t gold, 15.05 g/t silver, 3.16% copper, 19.25% zinc

Hole CURI-213: 4.14 metres (true width) averaging 1.009 g/t gold, 16.78 g/t silver, 0.67% copper, 0.95% lead and 4.77% zinc; and

29.37 metres (true width) averaging 0.58 g/t gold, 77.93 g/t silver, 0.17% copper, 0.17% lead, 0.89% zinc, including:

- 10.55 meters averaging 0.385 g/t gold, 8.02 g/t silver, 0.44% copper, 0.25% lead and 1.84% zinc, and
- 13.75 meters averaging 0.75 g/t gold, 149.7 g/t silver, 0.02% copper, 0.15% lead and 0.32% zinc

Hole CURI-218, collared approximately 240 metres east of the El Domo deposit, was drilled westerly on section with hole CURI-176 (5.7 metres averaging 0.671 g/t gold, 3.3 g/t silver, 0.61% copper, 0.01% zinc and 0.96% lead). CURI-218 intersected 14.43 metres (13.07 metres true width) of massive and semi-massive pyrite-chalcopyritesphalerite grading 2.65 g/t gold, 10.58 g/t silver, 1.32% copper, 6.63% zinc beneath an andesite sill that occurs in this area (Table 1). The intersection in CURI-218 is located approximately 100 metres east of the intersection in CURI-176. It clearly demonstrates the extension of the El Domo mineralization to the east along with a significant increase in the thickness and grade of the mineralization. CURI-176 had previously marked the eastern limit of drilled mineralization in the El Domo deposit. Vertical hole CURI-155, drilled approximately 182 metres southeast of the collar of CURI-218, cut three mineralized zones with strong gold and silver values and anomalous zinc and copper values demonstrating the persistence of mineralization to the east. Further drilling is required to test this area.

Holes CURI-211, 213, 216 and 217 were drilled west of the El Domo deposit to test an area with massive sulphide float and exposures of hydrothermal breccia. CURI-213 and 216 were collared approximately 350 metres west of the deposit and approximately 100 metres west of historic holes CURI-30 and 32. CURI-213, drilled easterly on section with CURI-30, intersected two zones of mineralization (Table 1) in a section of hydrothermal breccias and gypsum stockworks in a dacitic unit similar to the one found below the El Domo VMS deposit:

- 4.14 metres (true width) averaging 1.01 g/t gold, 16.78 g/t silver, 0.67% copper, 0.95% lead and 4.77% zinc
- 29.37 metres (true width) averaging 0.5 g/t gold, 77.93 g/t silver, 0.17% copper, 0.17% copper, 0.89% zinc

The mineralization in CURI-213 may represent the down dip extension of the mineralization intersected in CURI-30 (From 19.75 meters to 29.50 meters: a total of 9.75 meters averaging 0.5 g/t gold, 32.3 g/t silver, 0.1% copper, 0.1% lead, 0.7% zinc). CURI-211, 216 and 217 did not intersect any mineralization.

Holes CURI-212, 214, 215, were drilled up to 500 metres south and southwest of the El Domo deposit. The holes targeted geophysical anomalies with low resistivity and moderate chargeability. CURI 212 and 214 were drilled in the area of historic holes CURI-15, 16, 17 and 18 which intersected significant gold and silver mineralization in a breccia zone/diatreme with clasts of polysulphides and barite in an argillic matrix. CURI-215 was drilled on section with, and 400 metres west of CURI-212 which intersected 1.63 g/t gold over 2.05 metres (Table 1). The drill holes intersected weak to moderately anomalous mineralization in a dacitic unit that may represent the geophysical anomalies.

Holes CURI-207, 208, 209 and 210 were drilled up to 1.2 km southeast of the El Domo deposit to test targets identified by geological mapping which showed a lithological sequence similar to the one found in the El Domo deposit, as well as the presence of moderate geochemical mineralization and alteration. The drill holes intersected the expected geological sequence, however, no VMS mineralization was intersected.

Table 1 **SIGNIFICANT INTERSECTIONS**

HOLE ID	FROM(m)	TO(m)	WIDTH(m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
CURI-207	No significant mineralization encountered in this hole, located 1 km east from El Domo resource							
CURI-208	No significant mineralization encountered in this hole, located 1.1 km east from El Domo resource							
CURI-209	No samples taken, located 0.7 km east from El Domo resource							
CURI-210	No significant mineralization encountered in this hole, located 0.5 km east from El Domo resource							
CURI-211	No samples taken, located 0.4 km west from El Domo resource							
CURI-212	283.95	286	2.05	1.63	-	-	-	-
CURI-213	105.34	109.48	4.14	1.01	16.78	0.67	0.95	4.77
	133.65	163.02	29.37	0.59	77.93	0.17	0.17	0.89
including	133.65	144.2	10.55	0.39	8.02	0.44	0.25	1.84
	147.6	161.35	13.75	0.75	149.7	0.02	0.15	0.32
CURI-214	No significant mineralization encountered in this hole, located 0.37 km south from El Domo resource							
CURI-215	No significant mineralization encountered in this hole, located 0.43 km south west from El Domo							
CURI-216	No samples taken, located 0.32 km west from El Domo resource							
CURI-217	170.27	170.7	0.43	-	8.5	0.72	-	5.75
CURI-218	318.27	332.7	14.43	2.65	10.58	1.32	-	6.63
including	318.27	321.85	3.58	9.68	11.52	0.46	-	2.64
	328.23	332.7	4.47	0.29	15.05	3.16	-	19.25

Widths presented in Table 1 are downhole core lengths. Where possible, true width estimates are noted in the text.

A rigorous chain-of-custody and quality assurance/quality control program that included the insertion of certified standard control samples and blanks, and re-analysis of samples with high levels (overlimit) of gold, copper and zinc, was applied to the NQ-diameter, rock-sawn half-core samples. All samples were analyzed by Inspectorate Services Perú S.A.C. (Bureau Veritas), a certified ISO 17025 and ISO 9001:2000 laboratory.

Table 2

HOLE ID	EAST	NORTH	ELEV (m)	AZIMUTH	DIP	DEPTH (m)
CURI-207	696150.00	9854500.00	983.00	90°	-70	206.75
CURI-208	696382.00	9854576.00	981.00	90°	-70	292.29
CURI-209	696167.00	9855168.00	1030.00	270°	-60	317.50
CURI-210	695750.00	9854810.00	955.00	270°	-60	285.50
CURI-211	694500.00	9855000.00	896.00	90°	-70	215.50
CURI-212	695000.00	9854600.00	928.00	90°	-75	359.50
CURI-213	694570.00	9855100.00	860.00	90°	-75	176.56
CURI-214	695080.00	9854500.00	919.00	90°	-90	259.60
CURI-215	694600.00	9854600.00	1054.00	90°	-75	299.40
CURI-216	694570.00	9855100.00	860.00	270°	-50	276.30
CURI-217	694600.00	9855000.00	860.00	90°	-70	287.40
CURI-218	695575.00	9855200.00	1100.00	270°	-65	386.70
					Total	**3363.00**

Other

The Company has not made all of its past patent fee payments on its Rumiñahui and Mendez concessions and believe that they can apply overpayment credits from the Curipamba Project against those unpaid amounts. However, due to the uncertainty, during fiscal 2015 the Company recorded impairment charges totalling $1,331,862 on its Rumiñahui and Mendez Projects. Management still believes there is merit in these projects but has recorded this provision as certain past tenure holding costs have not been paid. In the event these tenure costs are paid or offset by credits, the Company intends to reverse these impairment charges in subsequent financial reporting periods. As of the date of this MD&A the Company remains the recorded holder of the Rumiñahui and Mendez concessions.

Qualified Person

The scientific and technical information contained in this MD&A has been reviewed and approved by Kieran Downes, Ph.D., P.Geo. a Qualified Person as defined by National Instrument 43-101.

Selected Financial Data

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

	Years Ended December 31,		
	2016 **$**	**2015** **$**	**2014** **$**
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(1,947,134)	(1,084,299)	(1,177,292)
Other items	774,460	(1,727,608)	(49,890)
Net loss	(1,172,674)	(2,811,907)	(1,227,182)
Other comprehensive (loss) income	1,740	(1,522)	(1,522)
Comprehensive loss	(1,170,934)	(2,813,429)	(1,228,704)
Basic and diluted loss per share	(0.01)	(0.04)	(0.02)
Dividends per share	Nil	Nil	Nil

	Years Ended December 31,		
	2016 $	2015 $	2014 $
Balance Sheet:			
Working capital (deficiency)	1,431,519	(2,802,342)	(1,123,821)
Total assets	19,078,346	19,109,638	20,152,401
Total long-term liabilities	Nil	Nil	Nil

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

	Fiscal 2016				Fiscal 2015			
Three Months Ended	**Dec. 31 2016 $**	**Sep. 30 2016 $**	**Jun. 30 2016 $**	**Mar. 31 2016 $**	**Dec. 31 2015 $**	**Sep. 30 2015 $**	**Jun. 30 2015 $**	**Mar. 31 2015 $**
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(1,092,355)	(270,173)	(316,140)	(268,466)	253,920	(728,756)	(325,508)	(283,955)
Other items	38,166	(5,502)	343,138	398,658	(1,525,489)	(127,446)	17,310	(91,983)
Net income (loss)	(1,054,189)	(275,675)	26,998	130,192	(1,271,569)	(856,202)	(308,198)	(375,938)
Other comprehensive income (loss)	(1,740)	(217)	1,957	1,740	(652)	(870)	870	(870)
Comprehensive income (loss)	(1,055,929)	(275,892)	28,955	131,932	(1,272,221)	(857,072)	(307,328)	(376,808)
Basic and diluted income (loss) per share	(0.01)	(0.00)	0.00	0.00	(0.02)	(0.01)	(0.00)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital (deficiency)	1,431,519	2,394,199	(680,525)	(2,681,277)	(2,802,342)	(2,987,002)	(2,120,809)	(1,869,940)
Total assets	19,078,346	19,342,232	19,708,540	19,430,750	19,109,638	20,552,035	20,548,182	20,685,655
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended December 31, 2016 Compared to the Three Months Ended December 31, 2015

During the three months ended December 31, 2016 (“Q4/2016”) the Company reported a net loss of $1,054,189 compared to net loss of $1,271,569 for the three months ended December 31, 2015 (“Q4/2015”) a decrease in loss of $217,380. The decrease in loss during Q4/2016 is mainly attributed to the recognition of an impairment charge of $1,565,614 in Q4/2015 for exploration and evaluation assets compared to $nil in Q4/2016. The decrease in loss was offset by the recognition of share-based compensation of $790,000 in Q4/2016, compared to $nil in Q4/2015, and the reversal of a provision of $525,000 in general exploration in Q4/2015. The provision had been previously recorded in Q3/2015 for anticipated amounts payable for past tenure payments and government taxes. Upon reassessment in Q4/2015 the Company determined that it would not be required to pay these amounts.

Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

During the year ended December 31, 2016 (“fiscal 2016”) the Company reported a net loss of $1,172,674 ($0.01 per share), compared to a net loss of $2,811,907 ($0.04 per share) for the year ended December 31, 2015 (“fiscal 2015”), a decrease in loss of $1,639,233.

Significant items or changes which occurred are as follows:

(i) during fiscal 2016 the Company recognized forgiveness of debt of $332,122 as the Company negotiated debt settlements for both insiders and non-insiders of the Company in regards to accrued and unpaid compensation. See also “Recapitalization”;

(ii) during fiscal 2016 the Company reversed $129,027 of accoutns payable and accrued liabilities previously recorded;

(iii) during fiscal 2016 the Company recognized a foreign exchange gain of $236,473 compared to a foreign exchange loss of $279,172 in fiscal 2015;

(iv) during fiscal 2016 the Company recorded $71,943 as other income from the rental of one of the Company's drill rigs to a private Ecuadorian company, the shareholders of which include a former employee of the Company and the son of the Company's President;

(v) during fiscal 2015 the Company recorded an impairment charge of $1,565,614 for exploration and evaluation assets;

(vi) during fiscal 2016 the Company incurred $92,262 for general exploration activities compared to $nil for fiscal 2015. During fiscal 2015 there were no general exploration activities conducted due to limited working capital;

(vii) during fiscal 2016 the Company recognized share-based compensation of $790,000 on the granting of 7,900,000 share options. No share options were granted during fiscal 2015.

(viii) incurred $46,209 (2015 - $24,100) for accounting and administration expenses, an increase of $22,109. The increase is attributed to the scope of work performed during fiscal 2016 with respect to the recapitalization process;

(ix) incurred legal fees of $57,512 (2015 - $20,968). The increase reflects the incremental legal services incurred with regards to the Company's recapitalization process;

(x) recognized interest expense of $64,371 (2015 - $185,525) on advances received by the Company. Interest expense decreased by $121,154 as the advances were settled in April 2016. See "Recapitalization";

(xi) during fiscal 2016 office expenses increased by $92,026, from $61,288 during fiscal 2015 to $153,314 during fiscal 2016. The increase reflects the increase in activities during fiscal 2016 after the completion of the recapitalization process; and

(xii) incurred consulting fees of $96,662 (2015 - $176,474) of which $64,510 (2015 - $130,438) were incurred by officers and directors of the Company, and $32,152 (2015 - $46,036) was billed by various parties for advisory services.

Exploration and Evaluations Assets

During fiscal 2016 the Company incurred a total of $1,491,426 (2015 - $638,282) for exploration and evaluation assets comprising of $1,418,334 (2015 - $523,699) on the Curipamba Project and $73,092 (2015 - $114,583) on other projects. In addition during fiscal 2016 the Company received $3,099,375 (US $2,375,000) from the sale of a 1% NSR on the Curipamba Project. During fiscal 2015 the Company recorded an impairment of $1,565,614 on its exploration and evaluation assets of which $1,331,862 was attributed to the Rumiñahui and Mendez Projects and $233,752 was attributed to claim application costs incurred in Columbia. No impairment provision was required in fiscal 2016. Details of the expenditures are as follows:

	Ecuador				Colombia	
	Curipamba $	Ruminahui $	Santiago $	Mendez $	Other $	Total $
Balance at December 31, 2014	17,646,757	605,015	390,500	719,711	233,752	19,595,735
Exploration costs						
Camp supervision and personnel	164,917	-	8,730	-	-	173,647
Camp supplies	14,876	-	9,257	-	-	24,133
Environmental studies	11,667	1,907	5,725	-	-	19,299
Exploration site	24,881	-	2,946	-	-	27,827
Geological	-	-	50,458	-	-	50,458
Supplies	3,642	-	8,523	-	-	12,165
Travel and mobilization	7,924	-	-	-	-	7,924
Water and soil sampling	5,716	-	-	-	-	5,716
	233,623	1,907	85,639	-	-	321,169
Acquisition costs						
Property / concession payments	290,076	3,916	21,806	1,259	-	317,113
Impairment	-	(610,893)	-	(720,969)	(233,752)	(1,565,614)
Balance at December 31, 2015	18,170,456	1	497,945	1	-	18,668,403
Exploration costs						
Camp supervision and personnel	190,605	-	-	-	-	190,605
Camp supplies	278,208	-	-	-	-	278,208
Community relations	43,570	-	-		-	43,570
Depreciation	29,176	-	-	-	-	29,176
Drilling	87,166	-	-	-	-	87,166

	Ecuador				Colombia	
	Curipamba $	Ruminahui $	Santiago $	Mendez $	Other $	Total $
Environmental studies	6,875	-	-	-	-	6,875
Exploration site	176,563	-	3,525	-	-	180,088
Geological	-	-	42,291	-	-	42,291
Legal	22,250	-	-	-	-	22,250
Road maintenance	15,303	-	-	-	-	15,303
Supplies	108,434	-	-	-	-	108,434
Travel and mobilization	11,584	-	-	-	-	11,584
Vehicles	41,277	-	-	-	-	41,277
	1,011,011	-	45,816	-	-	1,056,827
Acquisition costs						
Property / concession payments	407,323	-	27,276	-	-	434,599
Sale of royalty interest	(3,099,375)	-	-	-	-	(3,099,375)
Balance at December 31, 2016	16,489,415	1	571,037	1	-	17,060,454

See also "Properties Update".

Financial Condition / Capital Resources

As at December 31, 2016, the Company had working capital of $1,431,519. On April 19, 2017 the Company closed on the sale of an additional 1% NSR of its Curipamba Project, receiving US $2,375,000. Additional capital may be sought from the sale of additional common shares or other equity or debt instruments and also from joint venture agreements on the Company's properties. There is no assurance that such additional capital will be available to the Company on acceptable terms or at all. In the longer term, the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration programs.

Contractual Commitments

The Company has no contractual commitments.

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 all the Company's significant accounting policies is included in Note 3 to the December 31, 2016 audited annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies.

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*

(i) During fiscal 2016 and 2015 the following amounts were incurred with respect to the President, Fredy Salazar, and the CFO, Pablo Acosta, of the Company:

	2016 **$**	**2015** **$**
Mr. Salazar (President)		
- Salaries	150,723	168,162
- Health benefits	2,241	2,162
- Share-based compensation	130,000	-
	282,964	170,324
Mr. Acosta (CFO)		
- Salaries	14,156	8,524
- Health benefits	2,241	2,162
- Share-based compensation	90,000	
	106,397	10,686
	389,361	181,010

As at December 31, 2016, $nil (2015 - $275,668) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During fiscal 2016 and 2015 the following consulting expenses were incurred with respect to non-executive current and former directors of the Company:

	2016 **$**	**2015** **$**
Consulting fees - Etienne Walters	8,247	30,691
Consulting fees - Graeme Robinson*	6,185	23,018
Consulting fees - Nick DeMare	50,078	76,729
Share-based compensation - Mr. Walters	60,000	-
Share-based compensation - Mr. DeMare	70,000	-
Share-based compensation - Juan Ortiz	60,000	-
Share-based compensation - Thomas Kelly	60,000	-
Share-based compensation - Jorge Roca Arteta	60,000	-
	374,510	130,438

* Mr. Robinson resigned as a director effective May 10, 2016

As at December 31, 2016, $nil (2015 - $346,692) remained unpaid.

(ii) During fiscal 2016 the Company incurred a total of $46,209 (2015 - $24,100) 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, 2016, $4,699 (2015 - $4,600) remained unpaid.

During fiscal 2016 the Company also recorded $20,000 (2015 - $nil) for share-based compensation for share options granted to Chase.

(c) The Company received advances from DNG Capital Corp., a private corporation controlled by Mr. DeMare. The advances bear interest at 10% per annum and have no fixed terms of repayment. During fiscal 2016 the Company recorded interest expense of $3,088 (US $2,247). During fiscal 2016 the principal balance of US $100,000 was repaid in cash. On April 27, 2016 the Company settled the accrued interest as part of the Recapitalization.

(d) The Company received advances from 888 Capital Corp., a private corporation affiliated with Mr. DeMare. The advances bear interest at 10% per annum and have no fixed terms of repayment. During fiscal 2016 the Company recorded interest expense of $3,370. On April 27, 2016 the Company settled the indebtedness as part of the Recapitalization.

(e) The Company received advances from Sesmo S.A., a private corporation controlled by family members of Mr. Salazar. The advances bear interest at a rate of 10% per annum and have no fixed terms of repayment. On April 27, 2016 the Company settled the indebtedness as part of the Recapitalization. During fiscal 2016 the Company recorded interest expense of $5,230 (US $3,805).

(f) The Company received advances from Amlatminas S.A., ("Amlatminas") a private corporation controlled by Mr. Salazar and Mr. Acosta. The advances bear interest at a rate of 10% per annum and have no fixed terms of repayment. During fiscal 2016 the Company recorded interest expense of $31,873 (US $23,189). On April 27, 2016 the Company settled the indebtedness as part of the Recapitalization.

(g) The Company received advances from Mr. Salazar. The advances bear interest at a rate of 10% per annum and have no fixed terms of repayment. During fiscal 2016 the Company recorded interest expense of $7,095 (US $5,162). On April 27, 2016 the Company settled the indebtedness as part of the Recapitalization.

(h) During fiscal 2016 the Company recorded $71,943 (2015 - $123,348) as other income from the rental of one of its drill rigs to Trust Drilling Servícios S.A., a private Ecuadorian company, the shareholders of which include an employee of the Company and the son of Mr. Salazar.

(i) During fiscal 2016 the Company incurred $42,564 (2015 - $50,458) for geological services provided by Amlatminas on the Santiago Concession. As at December 31, 2016, $42,564 (2015 - $50,458) remained unpaid. On April 27, 2016 the Company settled the 2015 indebtedness of $50,458 as part of the Recapitalization.

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 April 27, 2017, there were 114,153,606 issued and outstanding common shares, 22,527,863 warrants outstanding at an exercise price of $0.12 per share and 7,900,000 share options outstanding at an exercise price of $0.14 per share.