SALAZAR RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2021

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

	Notes	March 31, 2021 $	December 31, 2020 $
ASSETS			
Current assets			
Cash		6,087,239	1,345,851
Restricted cash	4(a)	1,025,648	215,980
Amounts receivable		261,379	253,082
GST / IVA tax receivables		491,765	318,206
Prepaid expenses		863,506	988,719
Materials and supplies		855,572	945,250
Total current assets		9,585,109	4,067,088
Non-current assets			
Property, plant and equipment	3	1,547,268	1,458,605
Exploration and evaluation assets	4	20,833,599	20,567,209
Total non-current assets		22,380,867	22,025,814
TOTAL ASSETS		31,965,976	26,092,902
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		2,294,978	2,103,828
Advances from joint-venture partner	4(a)	283,646	155,340
TOTAL LIABILITIES		2,578,624	2,259,168
SHAREHOLDERS' EQUITY			
Share capital	5	45,163,559	39,283,561
Share-based payments reserve		6,078,381	5,797,803
Deficit		(26,745,964)	(26,532,416)
Accumulated other comprehensive income		4,891,376	5,284,786
TOTAL SHAREHOLDERS' EQUITY		29,387,352	23,833,734
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		31,965,976	26,092,902

Nature of Operations - see Note 1

Commitments - see Note 7

Events after the Reporting Period - see Note 11

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 28, 2021 and are signed on its behalf by:

*/s/ **Fredy Salazar***
Fredy Salazar
Director

*/s/ **Pablo Acosta***
Pablo Acosta
Director

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

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

	Note	Three Months Ended March 31 2021 $	Three Months Ended March 31 2020 $
Expenses			
Accounting and administration	6(b)(ii)	13,299	14,184
Audit		132,777	55,661
Consulting	6(b)(i)	54,666	51,879
Corporate development		20,365	40,675
Depreciation		48,395	35,779
Drill rig standby costs		-	277,616
General exploration		10,059	17,345
Legal		1,482	-
Office		24,862	17,385
Regulatory		10,895	3,841
Salaries, compensation and benefits	6(a)	99,806	103,323
Share-based compensation	5(d)	1,618	-
Shareholder costs		2,370	1,910
Transfer agent		1,698	1,148
Travel		-	12,755
Cost recoveries	4(a)	(96,578)	(96,862)
		325,714	536,639
Loss before other items		(325,714)	(536,639)
Other items			
Interest income		6,402	18,470
Operator fees	4(b)	10,991	-
Drill income, net of costs	4(b)	108,217	-
Foreign exchange		(13,444)	(31,633)
		112,166	(13,163)
Net loss for the period		(213,548)	(549,802)
Other comprehensive income (loss)			
Change in currency translation of foreign subsidiaries		(393,410)	2,112,153
Comprehensive income (loss) for the period		(606,958)	1,562,351
Basic and diluted loss per common share		$(0.00)	$(0.00)
Weighted average number of common shares outstanding		138,964,306	126,628,901

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

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

Three Months Ended March 31, 2021

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	Total Equity $
Balance at December 31, 2020	127,087,790	39,283,561	5,797,803	5,284,786	(26,532,416)	23,833,734
Common shares issued for:						
- private placement	18,572,000	6,500,200	-	-	-	6,500,200
- option payment	177,283	62,935	11,523	-	-	74,458
Share issue costs	-	(683,137)	-	-	-	(683,137)
Share-based compensation:						
- share options	-	-	1,618	-	-	1,618
- finder's warrants	-	-	267,437	-	-	267,437
Currency translation adjustment	-	-	-	(393,410)	-	(393,410)
Net loss for the period	-	-	-	-	(213,548)	(213,548)
Balance at March 31, 2021	145,837,073	45,163,559	6,078,381	4,891,376	(26,745,964)	29,387,352

Three Months Ended March 31, 2020

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	Total Equity $
Balance at December 31, 2019	126,477,790	39,138,461	5,823,385	6,080,176	(25,534,954)	25,507,068
Common shares issued for:						
- share options exercised	200,000	27,000	-	-	-	27,000
Transfer on exercise of share options	-	20,000	(20,000)	-	-	-
Currency translation adjustment	-	-	-	2,112,153	-	2,112,153
Net loss for the period	-	-	-	-	(549,802)	(549,802)
Balance at March 31, 2020	126,677,790	39,185,461	5,803,385	8,192,329	(26,084,756)	27,096,419

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

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

	Three Months Ended March 31,	
	2021	**2020**
	$	**$**
Operating activities		
Net loss for the period	(213,548)	(549,802)
Adjustments for:		
Depreciation	55,517	37,293
Share-based compensation	1,618	-
Changes in non-cash working capital items:		
Restricted cash	(818,210)	(125,683)
Amounts receivable	(9,437)	(16,584)
GST/VAT receivable	(178,795)	-
Prepaid expenses and deposits	114,528	21,553
Material and supplies	78,586	-
Accounts payable and accrued liabilities	217,256	599,977
Due from joint-venture partner	131,165	(560,229)
Net cash used in operating activities	(621,320)	(593,475)
Investing activities		
Exploration and evaluation assets expenditures, net of recoveries	(266,390)	(90,833)
Additions to property, plant and equipment, net of recoveries	(164,048)	(102,069)
Net cash used in investing activities	(430,438)	(192,902)
Financing activities		
Issuance of common shares	6,500,200	27,000
Share issue costs	(415,700)	-
Net cash provided by financing activities	6,084,500	27,000
Effect of exchange rate changes on cash	(291,354)	290,318
Net change in cash	4,741,388	(469,059)
Cash at beginning of period	1,345,851	4,079,065
Cash at end of period	6,087,239	3,610,006

Supplemental Cash Flow Information - see Note 9

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

1. Nature of Operations

Salazar Resources Limited (the "Company") was incorporated on July 23, 1987 under the provisions of the Company Act (British Columbia). The Company's common shares are listed and trade on the TSX Venture Exchange ("TSXV") under the symbol "SRL", on the OTCQB 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 is a junior mineral exploration company currently engaged in the acquisition and exploration of mineral properties located in Latin America. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

The Company's 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.

The Company has negotiated a number of agreements to provide continued funding for exploration of its exploration and evaluation assets, as described in Note 4. As at March 31, 2021 the Company had working capital of $7,006,485 and 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.

These condensed consolidated interim financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

In March 2020 the World Health Organization ("WHO") declared a global pandemic of the novel coronavirus identified as "COVID-19". In order to combat the spread of COVID-19 governments worldwide, including Ecuador and Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company and its strategic partner temporarily had suspended all its site activities at the Curipamba, Pijili and Santiago projects, while desktop and office work continued remotely where possible. In July 2020 there was a partial lifting of COVID-19 related restrictions and the Company restarted field and drilling activities, complying with guidance from the government of Ecuador and the development of detailed COVID-19 health and safety protocol for resumption of field 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.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended December 31, 2020.

(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

Basis of Measurement

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

3. Property, Plant and Equipment

	Land $	Drill Rigs and Equipment $	Total $
Cost:			
Balance at December 31, 2019	264,763	2,249,739	2,514,502
Additions	1,889,942	985,603	2,875,545
Cost recoveries (Note 4(a))	(1,753,140)	(503,666)	(2,256,806)
Foreign exchange movement	(13,566)	(85,654)	(99,220)
Balance at December 31, 2020	387,999	2,646,022	3,034,021
Additions	-	179,833	179,833
Cost recoveries (Note 4(a))	-	(15,785)	(15,785)
Foreign exchange movement	(4,784)	(33,893)	(38,677)
Balance at March 31, 2021	383,215	2,776,177	3,159,392
Accumulated Depreciation:			
Balance at December 31, 2019	-	(1,456,183)	(1,456,183)
Depreciation	-	(161,725)	(161,725)
Foreign exchange movement	-	42,492	42,492
Balance at December 31, 2020	-	(1,575,416)	(1,575,416)
Depreciation	-	(55,517)	(55,517)
Foreign exchange movement	-	18,809	18,809
Balance at March 31, 2021	-	(1,612,124)	(1,612,124)
Carrying Value:			
Balance at December 31, 2020	387,999	1,070,606	1,458,605
Balance at March 31, 2021	383,215	1,164,053	1,547,268

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

	As at March 31, 2021			
	Acquisition Costs $	Deferred Exploration Costs $	Foreign Exchange Movement $	Total $
Ecuador				
Curipamba	-	11,909,306	5,183,802	17,093,108
Other	958,090	2,957,941	(175,540)	3,740,491
	958,090	14,867,247	5,008,262	20,833,599

	As at December 31, 2020			
	Acquisition Costs $	Deferred Exploration Costs $	Foreign Exchange Movement $	Total $
Ecuador				
Curipamba	-	12,008,151	5,615,044	17,623,195
Other	754,855	2,322,370	(133,211)	2,944,014
	754,855	14,330,521	5,481,833	20,567,209

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

	Curipamba $	Other $	Total $
Balance at December 31, 2019	18,793,643	1,192,820	19,986,463
Exploration costs			
Assay analysis	323,038	71,050	394,088
Camp supervision and personnel	113,707	677,957	791,664
Camp supplies	-	113,969	113,969
Community relations	754,264	28,568	782,832
Construction	144,310	-	144,310
Consulting	159,388	-	159,388
Depreciation	-	14,902	14,902
Drilling	1,456,980	275,422	1,732,402
Environmental studies	222,408	28,913	251,321
Equipment maintenance	373,071	35,163	408,234
Exploration site	260,845	94,692	355,537
Geological	717,093	65,099	782,192
Legal	137,328	32,556	169,884
Permits	33,085	-	33,085
Salaries	2,562,805	2,916	2,565,721
Supplies	22,819	96,148	118,967
Travel	215,414	51,024	266,438
VAT incurred	421,253	36,082	457,335
	7,917,808	1,624,461	9,542,269
Acquisition costs			
Property / concession / option payments	231,089	248,886	479,975
Other			
Cost recoveries	(7,897,627)	-	(7,897,627)
Management fees	(502,950)	-	(502,950)
Advance payment	(335,300)	-	(335,300)
Drilling services	(59,497)	-	(59,497)
Foreign exchange movement	(523,971)	(122,153)	(646,124)
	(9,319,345)	(122,153)	(9,441,498)
Balance at December 31, 2020	17,623,195	2,944,014	20,567,209
Exploration costs			
Assay analysis	232,602	35,311	267,913
Camp supervision and personnel	53,444	227,753	281,197
Camp supplies	-	25,629	25,629
Community relations	186,904	1,308	188,212
Depreciation	-	7,122	7,122
Drilling	1,641,982	-	1,641,982
Environmental studies	86,658	6,384	93,042
Equipment maintenance	67,115	31,227	98,342
Exploration site	977,873	72,585	1,050,458
Geological	-	35,594	35,594
Geophysics	430,407	-	430,407
Legal	20,238	17,656	37,894
Salaries	917,766	84,420	1,002,186
Supplies	84,456	45,284	139,740
Travel	117,736	19,628	137,364
VAT incurred	295,343	25,670	321,013
	5,112,524	635,571	5,748,095
Acquisition costs			
Property / concession / option payments	-	203,235	203,235
Other			
Cost recoveries	(4,530,143)	-	(4,530,143)
Management fees	(142,492)	-	(142,492)
Drilling services	(538,734)	-	(538,734)
Foreign exchange movement	(431,242)	(42,329)	(473,571)
	(5,642,611)	(42,329)	(5,684,940)
Balance at March 31, 2021	17,093,108	3,740,491	20,833,599

4. Exploration and Evaluation Assets (continued)

The Company holds interests in the following properties in Ecuador:

(a) ***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 September 14, 2017, as amended September 19, 2019, the Company entered into a definitive option agreement (the "Curipamba Option") whereby Adventus Mining Corporation ("Adventus") may earn (the "Earn-In") a 75% interest in the Company's Curipamba Project by funding costs on the Curipamba Project of US $25,000,000 over the next five years (now met), including the completion of a feasibility study on the El Domo deposit, subject to certain exceptions. A feasibility study is required to be completed no later than April 30, 2022, after which Adventus is required to fund 100% of the development and construction expenditures to commercial production.

Adventus will provide the Company with non-refundable advance payments of US $250,000 per year until achievement of commercial production, to a maximum cumulative total of US $1,500,000. As at March 31, 2021 the Company has received total advance payments of US $1,000,000 (December 31, 2020 - US $1,000,000).

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.

Adventus has also agreed to pay the Company a 10% management fee on certain expenditures for the duration of the Curipamba Option, with a prescribed minimum annual amount of US $350,000 by each anniversary date. During the three months ended March 31, 2021 the Company earned $142,493 (fiscal 2020 - $502,950) in management fees and, as at March 31, 2021 $172,907 (December 31, 2020 - $148,805) remained outstanding and was included in amounts receivable.

During the three months ended March 31, 2021 Adventus funded a total of $4,642,506 for costs incurred by the Company, of which $15,785 was applied against property, plant and equipment, $4,530,143 against exploration and evaluation assets and $96,578 as an expense recovery.

During fiscal 2020 Adventus funded a total of $10,462,071 for costs incurred by the Company, of which $2,256,806 was applied against property, plant and equipment, $7,897,627 against exploration and evaluation assets and $307,638 as an expense recovery.

Funding by Adventus of cash calls is segregated in separate bank accounts and payments are disbursed as approved by Adventus. As at March 31, 2021 the Company has recorded a balance of $283,646 (December 31, 2020 - $155,340) as advances from the joint-venture partner and $1,025,648 (December 31, 2020 - $215,980) of unspent funding remained in restricted cash.

Drilling services required by Adventus' exploration program as part of Adventus' Earn-In are being provided by a subsidiary of the Company. As drilling services to third parties are not in the Company's ordinary activities and the drilling services have been contracted with Adventus in which both the Company and Adventus share in the risks and benefits that result from the drilling services Adventus is not considered a customer and the drilling services are not in the scope of IFRS 15 - *Revenue from Contracts with Customers*. In accordance with IFRS 6 - *Exploration for and Evaluation of Mineral Resources* the Company recognizes all amounts received from drilling services against the carrying amount of the Curipamba exploration and evaluation asset.

4. Exploration and Evaluation Assets (continued)

(b) ***Exploration Alliance***

On September 13, 2017, as amended December 21, 2017, the Company and Adventus signed an exploration alliance memorandum of understanding (the "MOU") to jointly explore in Ecuador (the "Alliance"). Under the MOU the venture would be owned 80% by Adventus and 20% by the Company, with the Company operating the Alliance and Adventus funding all activities incurred on behalf of the Alliance up to a construction decision.

Dos Gemas

On February 19, 2018 the Company, Adventus and Minera Dos Gemas M2G S.A. ("Dos Gemas") entered into the definitive exploration alliance agreement (the "Exploration Alliance Agreement") to formalize the terms of the MOU. Dos Gemas is owned 80% by Adventus and 20% by the Company. As operator of the Alliance the Company will be paid a 10% operator's fee on all expenditures incurred, subject to an annual maximum fee of US $200,000 on costs pertaining to surface rights acquisitions. During the three months ended March 31, 2021 the Company earned $1,754 (fiscal 2020 - $7,507) in operator fees and, as at March 31, 2021 $8,012 (December 31, 2020 - $6,258) has been included in amounts receivable. In addition, commencing fiscal 2020 the Company provided drilling services to Dos Gemas. During the three months ended March 31, 2021 the Company recorded $287,126 (fiscal 2020 - $1,397,768) revenue and incurred $178,909 (fiscal 2020 - $1,327,169) operating costs resulting in $108,217 (fiscal 2020 - $70,599) in net drill income.

During fiscal 2018 Adventus assumed control of Dos Gemas and, as such, the Company derecognized the assets and liabilities of Dos Gemas from the consolidated financial statements. The remaining 20% investment retained in Dos Gemas was recognized at fair value when control was assumed by Adventus and the Company subsequently accounted for its investment using the equity method. The Company's share of losses exceeds its interest in Dos Gemas and, as such, the Company has discontinued recognizing its share of any further losses as there are no legal or constructive obligations.

Pijili Project

In August 2017 the Company was awarded three concessions (the "Pijili Project"), located in the province of Azuay, Ecuador. On March 28, 2018 the Company, Adventus and Dos Gemas entered into a letter agreement whereby the Company 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, of which $426 was applied against evaluation and exploration assets on costs capitalized and the remaining $2,028,560 as a gain on property disposition in fiscal 2018;

(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 $129,320 (US $100,000) was received by the Company as at December 31, 2018, and the remaining $66,385 (US $50,000) was received in August 2019. During fiscal 2018 the Company applied the $129,320 received, as to $60,168 against exploration and evaluation assets on costs capitalized and the remaining $69,152 as a gain on property disposition During fiscal 2019 the Company recorded the $66,385 as gain on property disposition and an application to legally transfer the Pijili Project to Dos Gemas has been made.

During the three months ended March 31, 2021 the Company earned $9,236 (fiscal 2020 - $77,583) in operator fees and, as at March 31, 2021 $75,736 (December 31, 2020 - $66,500) has been included in amounts receivable.

4. Exploration and Evaluation Assets (continued)

Santiago Concession

The Company held a 100% interest in a concession (the "Santiago Concession") located in the province of Loja, Ecuador. On May 22, 2018 the Company, Adventus and Dos Gemas entered into an agreement whereby the Company agreed to transfer the Santiago Project to Dos Gemas under the Alliance upon completion 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, of which $585,734 was applied against exploration and evaluation assets on costs capitalized and the remaining $428,758 as a gain on property disposition in fiscal 2018;
(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 $64,365 (US $50,000) was received during fiscal 2018 and the remaining $32,753 (US $25,000) was received in July 2019. During fiscal 2018 the Company applied the $64,365 against exploration and evaluation assets on costs capitalized. During fiscal 2019 the Company recorded the $32,753 received as gain on property disposition and completed the official transfer of the Santiago Project to Dos Gemas.

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

(c) ***Other***

Macara Project

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

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

As at March 31, 2021 the Company has incurred $315,615 (December 31, 2020 - $243,272) of costs on the Macara Project.

(ii) In July 2017 the Company was awarded a concession (the "Bonanza Concession") located in the provinces of Loja and Tacamoros, Ecuador. As at March 31, 2021 the Company has incurred $1,578,475 (December 31, 2020 - $1,333,267) of costs on the Bonanza Concession.

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

Ruminahui Project

The Company owns a 100% interest in two concessions (the "Ruminahui Project") located in the province of Pichincha, Ecuador. As at March 31, 2021the Company has incurred $950,586 (December 31, 2020 - $720,023) of costs on the Ruminahui Project.

Los Osos Concession

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 ("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 the following interests by payments of:

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	(paid April 7, 2021)
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. As at March 31, 2021 the Company has incurred $677,760 (December 31, 2020 - $533,955) of costs on the Los Osos Concession.

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 up to a 100% interest in the Los Santos Concession, located in southwest Ecuador. Pursuant to the terms of the LOI the Company made an initial payment of US $25,000 in December 2020 and, at Mesaloma's election, in January 2021 the Company issued 177,283 units, comprising 177,283 common shares and 88,642 warrants, with each warrant entitling Mesaloma to acquire an additional common share at a price of $0.385 per share, expiring July 22, 2022. The value assigned to the common shares was $62,935 and to the warrants was $11,523 for a total fair value of $74,458. The fair value of the warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.14%; expected volatility of 83%; an expected life of 1.5 years; a dividend yield of 0%; and an expected forfeiture rate of 0%.

The parties are proceeding with the preparation and execution of a definitive agreement under which the Company may then earn the following interests by making further option payments (the "Option Payments") of:

Interest	Amount US $
26% on first anniversary	150,000
25% on second anniversary	250,000
10% on third anniversary	350,000
19% on fourth anniversary	500,000
10% on fifth anniversary	700,000
90%	1,950,000

4. Exploration and Evaluation Assets (continued)

Mesaloma can elect to receive any of the Option Payments, in lieu of the respective cash amounts, in units of the Company. Each unit will comprise one common share and one-half share purchase warrant. Each unit will be issuable at the greater of $0.23 or the five-day volume weighted average price of the Company's common shares minus a discount of 7.5% from the market price prior to the payment date. Each warrant will be exercisable for 18 months at the greater of $0.305 or the market price prior to the payment date.

Upon the Company having earned a beneficial 90% interest in the Los Santos Concession the Company may acquire the remaining 10% interest by paying Mesaloma US $2,000,000 and granting a 1.5% NSR, which may be repurchased by the Company for a price of US $1,250,000 per 0.5% NSR.

5. Share Capital

(a) ***Authorized Share Capital***

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

(b) ***Reconciliation of Changes in Share Capital***

Three Months Ended March 31, 2021

On February 2, 2021 the Company completed a non-brokered private placement of 18,572,000 common shares at $0.35 per share, for total proceeds of $6,500,200. The Company paid finders' fees totalling $390,012 and issued 1,114,320 finders' warrants. Each finders' warrant entitles the holder to purchase one common share of the Company at a price of $0.35 per share, expiring February 2, 2026. The value assigned to the finders' warrants was $267,437. The weighted average fair value of the Broker Warrants issued was $0.24 per warrant. The fair value of the finders' warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.44%; expected volatility of 78%; an expected life of 5 years; a dividend yield of 0%; and an expected forfeiture rate of 0%.

The Company incurred a total of $415,700 for legal and other costs associated with this private placement financing.

In January 2021 the Company received TSXV approval to the Los Santos LOI and issued 177,283 units of the Company at a fair value of $74,458. See also Note 4(c).

Fiscal 2020

No financings were conducted during fiscal 2020.

(Unaudited - Expressed in Canadian Dollars)

5. Share Capital (continued)

(c) ***Warrants***

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at March 31, 2021 and 2020 and the changes for the three months ended on those dates is as follows:

	2021		2020	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	1,000,000	0.12	1,000,000	0.12
Issued	1,202,962	0.35	-	-
Balance, end of period	2,202,962	0.25	1,000,000	0.12

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at March 31, 2021:

Number	Exercise Price $	Expiry Date
88,642	0.385	July 22, 2022
1,000,000	0.12	February 16, 2024
1,114,320	0.35	February 2, 2026
2,202,962		

(d) ***Share Option Plan***

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

During the three months ended March 31, 2021 and 2020 the Company did not grant any options.

During the three months ended March 31, 2021 the Company recorded share-based compensation of $1,618 (2020 - $nil) on the vesting of share options preciously granted.

A summary of the Company's share options at March 31, 2021 and 2020 and the changes for the three months ended on those dates, is as follows:

	2021		2020	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	11,462,000	0.14	11,972,000	0.14
Exercised	-	-	(200,000)	0.135
Balance, end of period	11,462,000	0.14	11,772,000	0.14

(Unaudited - Expressed in Canadian Dollars)

5. Share Capital (continued)

The following table summarizes information about the share options outstanding and exercisable at March 31, 2021:

Number Outstanding	Exercise Price $	Expiry Date
5,575,000	0.14	December 1, 2021
600,000	0.14	January 15, 2022
1,000,000	0.12	January 25, 2024
4,187,000	0.135	February 14, 2024
100,000	0.22	June 15, 2025
11,462,000		

See also Note 11.

(e) ***Restricted Share Units ("RSU") Plan***

On August 27, 2020 the Company adopted a restricted share unit plan (the "RSU Plan"). The RSU Plan provides for the issuance of up to 1,000,000 restricted share units (the "RSUs"). Under the RSU Plan, RSUs may be granted to directors, officers, employees and consultants of the Company (excluding investor relations consultants) as partial compensation for the services they provide to the Company. The RSU Plan is a fixed number plan, and the number of common shares issued under the RSU Plan, when combined with the number of stock options available under the Company's share option plan, will not exceed 10% of the Company's outstanding common shares.

As at March 31, 2021 no RSUs have been awarded. See also Note 11(b).

6. Related Party Disclosures

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

(a) *Compensation of Key Management Personnel*

During the three months ended March 31, 2021 and 2020 the following amounts were incurred with respect to the President & Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), and the Executive Vice-President of the Company:

	2021 $	2020 $
Salaries and fees	77,458	69,019
Health benefits	1,645	2,344
Share-based compensation	1,618	-
	80,721	71,363

As at March 31, 2021 $3,144 (December 31, 2020 - $14,335) remained unpaid and has been included in accounts payable and accrued liabilities.

(Unaudited - Expressed in Canadian Dollars)

6. **Related Party Disclosures** (continued)

(b) *Other Related Party Transactions*

(i) During the three months ended March 31, 2021 and 2020 the following amounts were incurred with respect non-executive directors of the Company:

	2021 $	2020 $
Consulting	22,716	42,319

As at March 31, 2021 $5,658 (December 31, 2020 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the three months ended March 31, 2021 the Company incurred a total of $13,299 (2020 - $14,184) to Chase Management Ltd. ("Chase"), a private corporation owned by a director of the Company, for accounting and administration services provided by Chase personnel, excluding the director. As at March 31, 2021 $nil (December 31, 2020 - $4,456) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) During the three months ended March 31, 2021 the Company incurred $60,797 (2020 - $47,047) for equipment rental services and $38,948 (2020 - $33,269) for professional services provided by a private corporation controlled by the President and the CFO of the Company. As at March 31, 2021 $95,244 (December 31, 2020 - $95,244) remained unpaid and has been included in accounts payable and accrued liabilities.

(iv) During the three months ended March 31, 2021 the Company incurred $8,740 (2020 - $6,855) for storage rental provided by a private corporation controlled by the son of the President of the Company.

(v) During the three months ended March 31, 2021 the Company incurred $55,919 (2020 - $nil) for environmental studies provided by a private corporation controlled by the CFO of the Company.

(vi) See also Note 4(c).

(c) Certain of the expenses incurred by the Company with related parties and remuneration paid to Company personnel have been recovered from Adventus. See Note 4.

7. **Commitments**

The Company is obligated to fulfill certain investment obligations on its mineral concessions in Ecuador pursuant to the following rules:

(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 March 31, 2021, the Company's commitment for fiscal 2021 is approximately US $2,300,000.

(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 2021 is approximately US $2,400,000.

(Unaudited - Expressed in Canadian Dollars)

8. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; FVOCI and amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	March 31, 2021 $	December 31, 2020 $
Cash	FVTPL	6,087,239	1,345,851
Restricted cash	FVTPL	1,025,648	215,980
Amounts receivable	Amortized cost	261,379	253,082
Accounts payable and accrued liabilities	Amortized cost	(2,294,978)	(2,103,828)
Advances from joint-venture partner	Amortized cost	(283,646)	(155,340)

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

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

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

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

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

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

Credit Risk

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

Liquidity Risk

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

8. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at March 31, 2021				
	Less than 3 Months $	**3 - 12 Months $**	**1 - 5 Years $**	**Over 5 Years $**	**Total $**
Cash	6,087,239	-	-	-	6,087,239
Restricted cash	1,025,648	-	-	-	1,025,648
Amounts receivable	261,379	-	-	-	261,379
Accounts payable and accrued liabilities	(2,294,978)	-	-	-	(2,294,978)
Advances from joint-venture partner	(283,646)	-	-	-	(283,646)

Market Risk

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

(a) Interest Rate Risk

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

(b) Foreign Currency Risk

The Company's significant subsidiary is located in Ecuador which has adopted the US Dollar as its currency.

The Company also maintains cash deposits in US Dollars with its Canadian bank. As such, the fluctuation of the Canadian Dollar in relation to the US Dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At March 31, 2021, 1 Canadian Dollar was equal to 0.80 US Dollar.

Balances are as follows:

	US $	**CDN $ Equivalent**
Cash	1,587,359	1,984,199
Restricted cash	815,625	1,025,648
Amounts receivable	207,823	259,779
VAT receivable	367,738	459,673
Accounts payable and accrued liabilities	(1,759,667)	(2,199,584)
Advances from joint-venture partner	(225,563)	(283,646)
	993,315	1,246,069

Based on the net exposures as of March 31, 2021 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's comprehensive loss being approximately $128,000 higher (or lower).

(Unaudited - Expressed in Canadian Dollars)

8. Financial Instruments and Risk Management (continued)

Capital Management

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

9. Supplemental Cash Flow Information

During the three months ended March 31, 2021 and 2020 non-cash activities were conducted by the Company as follows:

	2021 $	2020 $
Investing activity		
Exploration and evaluation assets	(74,458)	-
Financing activities		
Issuance of common shares	62,935	20,000
Share-based payments reserve	(255,914)	(20,000)
Share issue costs	267,437	-
	74,458	-

10. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company's exploration and evaluation assets are located in Ecuador and its corporate assets are located in Canada.

	March 31, 2021		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	9,585,109	-	9,585,109
Property, plant and equipment	-	1,547,268	1,547,268
Exploration and evaluation assets	-	20,833,599	20,833,599
	9,585,109	22,380,867	31,965,976

	December 31, 2020		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	4,067,088	-	4,067,088
Property, plant and equipment	-	1,590,574	1,590,574
Exploration and evaluation assets	-	20,435,240	20,435,240
	4,067,088	22,025,814	26,092,902

11. Events after the Reporting Period

(a) On April 6, 2021 the Company granted share options to purchase 1,950,000 common shares of the Company at an exercise price of $0.29 per share, expiring April 6, 2026. The share options will vest, as to one-third per year, over three years.

(b) On April 6, 2021 the Company awarded 798,000 RSUs which will vest, as to 100%, on April 6, 2023.

(c) During April 2021 the Company issued 523,514 common shares on the exercise of share options for proceeds of $73,292.