

# **SALAZAR RESOURCES LIMITED**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

This discussion and analysis of financial position and results of operation is prepared as at November 29, 2023 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2023 of Salazar Resources Limited (the "Company" or "Salazar"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

### **Forward-Looking Statements**

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

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

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://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. 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. In certain circumstances where project development is delayed post earn-in, Adventus' ownership position could be diluted.

The Company and Adventus also entered into an exploration alliance agreement (the "Alliance") to jointly explore Ecuador with the initial focus on zinc assets. The 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.

The Company continues to work on its strategy to discover, de-risk and define deposits within its wholly-owned portfolio.

In terms of politics, Ecuador has experienced some instability in recent years, but the current government has shown a commitment to anticorruption measures and governance improvements. This includes efforts to enhance transparency, streamline regulations, and create a favourable environment for foreign investment. The government has also expressed a willingness to engage with the private sector and promote public-private partnerships ("PPPs") to drive economic growth.

On May 17, 2023, the President of Ecuador dissolved the opposition-controlled assembly. Under the constitution, this triggered elections to be called and during the period before a new President is elected, the incumbent continued to govern by decree without input from the assembly with some decrees subject to approval from the Constitutional Court. The presidential elections took place on August 20, 2023 and resulted in a run-off round between Luisa González, backed by a former socialist president, and Daniel Noboa, a central-right liberal political outsider. On October 15, 2023, Daniel Noboa, leading the National Democratic Action party, won and was sworn in as President on November 23, 2023. The President's National Democratic Action party has agreed with Social Christian Party, former President Correa's Citizens' Revolution movement to work together and to form a majority government.

President Noboa has laid out four priority areas for his administration in his official work plan: social, economic, institutional as well as production and environment. The plan indicates that the new government will call for a public referendum within its first ninety days seeking structural reforms that will allow it to implement its work plan. While the plan covers a wide range of topics, it is focussed on two key areas: improving security and fighting crime as well as in economic development and job creation.

President Noboa has proposed a series of reforms, programs and actions to combat crime and violence in Ecuador which has been on the rise in recent years and has been of major concern to its citizens. The plan recognizes the role that socioeconomic problems play in crime and pledges to prioritize education and job creation along with changes to the judicial and penitentiary systems as well as reinforcing police and intelligence capabilities.

In the area of economic development and job creation, a number of measures are proposed to stimulate economic growth and make Ecuador more attractive for direct foreign investment. This includes protecting and strengthening dollarization and fiscal discipline, increasing international reserves and controlling inflation. Additionally, the plan proposes tax incentives for strategic sectors, especially those that have the potential to create large numbers of jobs.

## Property Assets and Exploration Activities

### Investment in Associate - Curipamba

On December 10, 2021, Adventus and the Company filed the Feasibility Study, results of which were announced on October 26, 2021. Filing of the feasibility study, completed Adventus' final milestone requirement under the Option Agreement. Effective December 31, 2021 (the "Option Exercise Date"), pursuant to the Curipamba Option:

- (a) the aggregate amount of advances from Adventus for the Curipamba Project were capitalized in Salazar Holdings. Adventus was granted 75 Class A common shares representing 75% of the total issued and outstanding Class A common shares, and 95 Class B preferred shares, representing 100% of the total issued and outstanding Class B preferred shares; and
- (b) the Company, Adventus, Salazar Holdings and Curimining entered into a shareholders' agreement ("Shareholders' Agreement") and reconstitute the board of directors of Curimining ("Curimining Board") with two Adventus nominees and one Company nominee. The Shareholders' Agreement was finalized on January 4, 2022.

As the rights of Adventus to the earn-in were achieved the Company approved the transfer of a 75% ownership interest in Salazar Holdings, effectively reducing the Company's ownership interest to 25%.

Pursuant to the Curipamba Option and the Shareholders' Agreement, Adventus has priority repayment of its investment in Curipamba according to an agreed distribution formula.

Highlights of the results of the Feasibility Study are as follows:

### *Mineral Resource Estimate Update*

As part of the Feasibility Study, an update to the mineral resource estimate was completed, with an effective date of October 26, 2021 and is disclosed in accordance with National Instrument 43-101 ("NI 43-101") Standards of Disclosure for Mineral Projects and prepared by SLR Consulting (Canada) Ltd. ("SLR"), formerly Roscoe Postle Associates. The updated estimate is shown in the following tables.

**Table 1a. Total Mineral Resource for El Domo, Curipamba Project - October 26, 2021 (sum of tables 1b and 1c)**

Resource Category	Tonnes (Mt)	Grade					Contained Metal				
		Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Pb (kt)	Zn (kt)	Au (koz)	Ag (koz)
<b>Measured</b>	3.2	2.61	0.24	2.50	3.03	45	84.9	7.7	81.1	316	4,704
<b>Indicated</b>	5.7	1.83	0.24	2.64	1.98	45	104.5	13.9	150.6	364	8,265
<b>M+I</b>	<b>9.0</b>	<b>2.11</b>	<b>0.24</b>	<b>2.59</b>	<b>2.36</b>	<b>45</b>	<b>189.4</b>	<b>21.6</b>	<b>231.7</b>	<b>680</b>	<b>12,969</b>
<b>Inferred</b>	1.1	1.72	0.14	2.18	1.62	32	18.5	1.5	23.6	57	1,118

**Table 1b. Pit Constrained Mineral Resource for El Domo, Curipamba Project – October 26, 2021**

Resource Category	Tonnes (Mt)	Grade					Contained Metal				
		Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Pb (kt)	Zn (kt)	Au (koz)	Ag (koz)
Measured	3.2	2.61	0.24	2.50	3.03	45	84.9	7.7	81.1	316	4,704
Indicated	3.8	1.38	0.30	2.77	2.29	52	52.6	11.3	105.2	280	6,370
<b>M+I</b>	<b>7.1</b>	<b>1.95</b>	<b>0.27</b>	<b>2.64</b>	<b>2.63</b>	<b>49</b>	<b>137.5</b>	<b>19.0</b>	<b>186.3</b>	<b>596</b>	<b>11,074</b>
Inferred	0.3	0.34	0.20	1.01	1.34	39	1.2	0.7	3.5	15	430

**Table 1c. Underground Mineral Resource for El Domo, Curipamba Project – October 26, 2021**

Resource Category	Tonnes (Mt)	Grade					Contained Metal				
		Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Pb (kt)	Zn (kt)	Au (koz)	Ag (koz)
Indicated	1.9	2.72	0.14	2.38	1.37	31	51.9	2.6	45.4	84	1,895
Inferred	0.8	2.31	0.11	2.68	1.74	29	17.3	0.8	20.1	42	688

*Notes:*

1. CIM Definition Standards (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are reported above a cut-off Net Smelter Return (“NSR”) value of \$29/t for Mineral Resources amenable to open-pit mining and the underground portion of the 2021 Mineral Resources are reported with mining shapes which were generated using a \$105/t NSR cut-off value.
3. The NSR value is based on estimated metallurgical recoveries, assumed metal prices, and smelter terms, which include payable factors treatment charges, penalties, and refining charges.
4. Mineral Resources are estimated using the metal price assumptions: \$4.00/lb Cu, \$1.05/lb Pb, \$1.30/lb Zn, \$1,800/oz Au, and \$24/oz Ag.
5. Metallurgical recovery assumptions were based on three mineral types defined by the metal ratio Cu/(Pb+Zn):
  - a. Zinc Mineral (Cu/(Pb+Zn) <0.33): 86% Cu, 90% Pb, 97% Zn, 68% Au and 78% Ag
  - b. Mixed Cu/Zn Mineral (0.33 ≤ Cu/(Pb+Zn) ≤ 3.0): 86% Cu, 82% Pb, 95% Zn, 55% Au and 67% Ag
  - c. Copper Mineral (Cu/(Pb+Zn) >3.0): 80% Cu, 37% Pb, 36% Zn, 14% Au and 29% Ag
6. NSR factors were also based on the metal ratio Cu/(Pb+Zn):
  - a. Zinc Mineral (Cu/(Pb+Zn) <0.33): 53.41 \$/% Cu, 7.99 \$/% Pb, 13.47 \$/% Zn, 30.91 \$/g Au and 0.39 \$/g Ag
  - b. Mixed Cu/Zn Mineral (0.33 ≤ Cu/(Pb+Zn) ≤ 3.0): 58.99 \$/% Cu, 7.05 \$/% Pb, 13.41 \$/% Zn, 25.12 \$/g Au and 0.34 \$/g Ag
  - c. Copper Mineral (Cu/(Pb+Zn) >3.0): 57.83 \$/% Cu, 6.84 \$/g Au and 0.19 \$/g Ag
7. Bulk density interpolated on a block per block basis using assayed value, the correlation between measured density values and iron content, and base metal grade. The bulk densities range between 2.1 t/m<sup>3</sup> and 4.6 t/m<sup>3</sup>
8. Mineral Resources are inclusive of Mineral Reserves.
9. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
10. The underground portion of the Mineral Resources are reported within underground reporting shapes and include low grade blocks falling within the shapes.
11. Qualified Person (“QP”) is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the Mineral Resource estimate
12. Numbers may not add due to rounding.

*Feasibility Study Mineral Reserves*

The basis of the Curipamba Feasibility Study is on the maiden open-pit Mineral Reserves that were estimated from the updated open-pit Mineral Resources and on the mine design by DRA.

**Table 2: Open-Pit Mineral Reserves Statement**

Classification	Tonnes (kt)	Grade					Contained Metal				
		Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Pb (kt)	Zn (kt)	Au (koz)	Ag (koz)
Proven Reserves	3,136	2.50	0.2	2.30	2.83	41	78.4	6.7	72.0	285	<b>4,175</b>
Probable Reserves	3,343	1.39	0.3	2.67	2.23	50	46.4	9.4	89.4	240	<b>5,342</b>
Proven + Probable	<b>6,478</b>	<b>1.93</b>	<b>0.2</b>	<b>2.49</b>	<b>2.52</b>	<b>46</b>	<b>124.9</b>	<b>16.2</b>	<b>161.4</b>	<b>525</b>	<b>9,517</b>

*Notes:*

1. Waste: Ore Strip Ratio 6.02 : 1 not including pre-strip waste and 8.59 : 1 including pre-strip waste
2. The effective date of the Mineral Reserve Estimate is October 26, 2021.
3. Mineral Reserves are reported in accordance with CIM Definition Standards (2014) and best practice guidelines (2019).
4. An NSR cut-off grade of \$32.99 was used for all material.

5. Mineral reserves were estimated at a gold price of \$1,630/oz, a silver price of \$21.00/oz, a lead price of \$0.92/lb, a zinc price of \$1.16/lb, and a copper price of \$3.31/lb; they include modifying factors related to mining cost, dilution, mine recovery, process recoveries and costs, G&A, royalties, and rehabilitation costs.
6. Figures have been rounded to an appropriate level of precision for the reporting of Mineral Reserves.
7. Due to rounding, some columns or rows may not compute exactly as shown.
8. The Mineral Reserves are stated as dry tonnes processed at the crusher.
9. Tonnages are presented in metric tonnes

### ***Underground Mine Deposit***

In December 2021, an update to the preliminary economic assessment (“PEA”) was prepared for the underground mine expansion. This assumed the same metallurgy, treatment charges, refining charges, penalty assumptions, transport charges, tax structure, royalties, and surface infrastructure as the open-pit Feasibility Study. In particular, the process plant will be used for the underground operation, and the tailings storage facility has sufficient excess capacity to support the underground operation. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. For reference, the last Mineral Resource estimate completed in accordance with NI 43-101 for El Domo was published as part of the Feasibility Study with an effective date of October 26, 2021.

The underground mine plan consists of 2,000,000 tonnes at 2.48% Cu, 2.18% Zn, 1.25 g/t Au, 28.1 g/t Ag, 0.13% Pb of diluted Indicated Resources, and 0.8 million tonnes at 2.13% Cu, 2.46% Zn, 1.60 g/t Au, 26.4 g/t Ag, 0.09% Pb, of diluted Inferred Resources.

On August 29, 2022, plans were announced for a 12,000 metre infill drill program using two diamond drill rigs to provide additional information for the planned upgrade of mineral resource categories of the underground component for engineering studies. The Company’s subsidiary was retained for this drill program.

Drilling results from the program as well as drill collar location maps can be found in news releases dated October 17, 2022, November 15, 2022, December 7, 2022, February 27, 2023 and March 20, 2023. These news releases are available for viewing on the Company’s website <https://salazarresources.com>.

### ***Curipamba - Project Development***

In 2023, Adventus continued to advance detailed engineering and procurement activities in parallel with ongoing and constructive engagement with government authorities for the environmental licence and other key approvals to allow for commencement of construction later in 2023. The engineering design of tailings storage and waste rock facilities, open pit mine, and for the process plant are all in advanced stages of completion. In October 2023, MAATE issued to El Domo a favourable Certificate of No Affect of Water, one of the necessary permits required for the start of construction.

### **Technical Information and Quality Control & Quality Assurance (“QAQC”)**

The engineering and technical content of the Feasibility Study and Underground PEA has been reviewed and approved by Mr. Dustin Small, P.Eng., Vice President of Projects for Adventus, a non-Independent Qualified Person, as defined by NI 43-101.

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

## ***Curipamba - El Domo Environmental and Social Impact Assessment (“ESIA”)***

### ***ESIA Submission***

On November 18, 2021, Adventus and the Company announced that the ESIA for the Curipamba Project had been completed and the environmental licensing process has been initiated with the Ecuadorian Ministry of Water, Environment and Ecological Transition (the “MAATE”). The completed ESIA is the culmination of over two years of environmental, community, and engineering activities led by Adventus, with the assistance of several internationally recognized and Ecuador-experienced consulting firms. Importantly, the ESIA included all technical design and project scope parameters detailed in the Curipamba Feasibility Study.

The first step of the environmental licensing process is a technical review by the MAATE of the information presented. This was completed and the ESIA technical approval was received from the Government of Ecuador in May 2022, and the next step is to begin the public consultation process or the Citizen’s Participation Process (“PPC”). In November 2022, President Lasso signed the pre-legislative consultation decree which will guide the formal comment process for the draft environmental consultation regulation (“Regulation”) which formed part of the ESIA approval process.

On completion of the comment process for the pre-legislative decree, the President of Ecuador enacted the Regulation through Presidential Decree on May 31, 2023. From there, the first of two rounds of community consultations was successfully completed. These community consultations were similar to the many community consultations led by Curimining in the past. On August 1, 2023, the Constitutional Court of Ecuador admitted for processing an unconstitutionality claim filed by the indigenous group CONAIE and other complainants against the Decree. The Constitutional Court also ordered the provisional suspension of the Decree until the same Constitutional Court resolves this issue.

The immediate effect of the provisional suspension of the Decree is that no medium or high impact project from any sector or industry in the country, including El Domo, shall be able to obtain an environmental licence until the Constitutional Court resolves the issue. The Government of Ecuador has stated that it will employ all measures at its disposal to respond to the Constitutional Court. On September 7, 2023, in a follow-on writ, the Constitutional Court declared the process as priority and set a date for public hearing for September 18, 2023.

The hearing concluded and on November 17, 2023, the Court issued its ruling that declared the Decree unconstitutional in form and indicated that the consultation process must be regulated through an organic law which can only be issued by the National Assembly of Ecuador (the “Assembly”) and not by presidential decree. However, until the Assembly passes the necessary organic law, the temporary suspension of the Decree was revoked and the Decree will remain in effect. This allows the 170 projects across all industries and sectors, including El Domo, to resume their respective consultation process.

During this period, Curimining is expected to finalize five other necessary permits for construction to begin, including (a) Water No Affect Permit (for the discharge of water and covers potential impact to any water sources), (b) Water Usage Permit (surface water capture during construction), (c) Permit to Build on Waterways, (d) Tailings Infrastructure and Waste Storage Approval Permit (certificate of technical feasibility had been received), and (e) Explosives Permit. Work on these had been ongoing in 2022 and 2023 with strong government engagement. In October 2023, the first of these, namely, the Water No Affect Permit, was received.

### ***Curipamba Project Financing***

The Company’s agreement with Adventus requires Adventus to arrange all necessary financing in order to develop the El Domo property. Adventus is continuing to advance its financing efforts to ensure the Curipamba Project is fully funded. A key transaction which will assist Adventus in arranging the funding to develop the El Domo property was the recently announced acquisition and concurrent financing (see Adventus News Release dated November 21, 2023).

### ***Exploration Alliance - 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, all of which hit porphyry-style copper-gold-molybdenum mineralization. Ten of the twelve drill holes intersected greater than 100 metres of porphyry mineralization ranging between 100 to 424 metres. One of the drill holes also intersected a high-grade, near-surface silver-tungsten zone. The wide-spaced exploration drilling has traced porphyry-style mineralization approximately 2 km from the artisanal mine site (see June 8, 2020 and October 26, 2020 news releases) northwest to the northern Mercy concession boundary. (See April 20, 2021 news release for maps and detailed drilling results). In 2022, it became known that a third party is in dispute with the Ministry of Energy and Mines on the title of two of the five concessions. On November 6, 2023, the Ministry of Energy and Mines issued a resolution accepting the appeal that Llaktawayku S.A. (“Llaktawakyu”), the Corporation’s entity that holds the Pijili concessions, made against the 2022 ruling and ordered the restitution of the concessions to Llaktawayku.

### **Exploration Alliance - 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 holes, but was delayed to accommodate additional community relations and social work with stakeholders that includes but is not limited to the Ecuadorian government and Indigenous leadership. (See June 15, 2020 news release for maps and historical drilling summary).

### **Qualified Person**

The technical information contained in this MD&A for the Curipamba Project, as well as the Exploration Alliance projects in Ecuador, has been reviewed and approved by Adventus’ Senior Geologist, Mr. Christian Paramo, P.Geo., as a non-Independent Qualified Person in accordance with National Instrument 43-101.

### **Investment in Associate - 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. The Company has determined to negotiate deferral and extension of the options payments. However, given the uncertainty, has determined to record an impairment of \$2,474,365 for all costs capitalized.

### *Future Plans*

Limited work was completed at Los Santos in fiscal 2023. A Phase 2 exploration plan at Los Santos, incorporating the new information and drillhole data will be developed but will be conditional on completing additional financing.

### **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.

## ***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.

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

Phase 1 exploration at the Macara Project, in 2019, consisting of mapping and sampling (soils and rocks), has been completed. 240 soil samples, on a 100m x 100m grid were taken, with results as high as 9.94 g/t Au helping to define a 600m x 300m anomaly. 152 rock samples (outcrop and float) were taken, with the highest grade chip sample returning 29.6 g/t Au over 1.0 metre. Applications for appropriate drill, water-use and environmental permits have been submitted. The Company had anticipated executing a first pass drill program of up to 3,000m during fiscal 2020 prior to the disruption caused by COVID-19.

Ahead of drilling to target gold resources, the Macara Mina licence has been digitally mapped to provide a topographic model accurate to 5 cm. On November 12, 2020, the Company announced that it had commenced a ground-based gravity and magnetic geophysical survey comprising seventeen lines, spaced 100 m apart, for 31 line-kms in total. Deep Sounding, High Resolution Geophysics, Peru, were contracted to carry out the work and magnetic and gravity measurements were taken approximately every 100 m.

On January 14, 2021 the Company reported that the geophysical survey was completed in December 2020, the raw data had been received, that interpretation of the gravity and magnetic data was ongoing, and that a final report was being prepared. The Company also reported that it was advancing a 3,000m scout drilling application with plans to drill as soon as relevant permits are granted.

On April 13, 2021, the Company announced the results of an interpretation of the geophysical surveys conducted by Brian Williams, Consultant Geophysicist at Williams Geophysics Ltd (UK). A portion of the area in the southwest could not be surveyed due to prohibitively steep terrain. Due to the rugged topography the Magnetic Vector Inversion (“MVI”) and gravity interpretations were presented at -200m and -500m respectively below surface. MVI was used as that was found to best accommodate the remnant magnetic fields in the magnetic sources. The MVI anomaly is clear from -50m to -200m. The main magnetic body lies beneath the valley in the northern part of the grid, near the center of the large gold-bearing geochemical anomaly. This suggests that the gold is associated with the magnetic body, and the survey showed that the anomaly persists at depth. The magnetic sources appear to lie in an arc trending SSW from north to south across the grid. The gravity survey did not identify a large dense body that would have



potentially indicated a massive sulphide occurrence but it did highlight an area of low density in the northern part of the license area. The gravity low coincides well with the hydrothermal breccias and gold anomalies shown in the rock samples. The anomaly improves in resolution with depth. At a depth of 500 m it shows a potential correlation between the gravity signal and the geochemical signal more clearly than shallower slices. The combined gravity and magnetic anomalies, coupled with the geology, indicate that the features may well be part of a feeder system or the host of the mineralization seen at surface. Thick units of pillow lavas are evident in the area, and the low density zone under the geochemical anomaly could be generated by an intrusion.

### ***Los Osos Project***

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

No significant exploration took place in fiscal 2022. The Company has received extensions from the vendor for tenure payments.

In September 2023 the Company reviewed the carrying value of the Los Osos Concession and determined to record an impairment provision of \$1,470,532 to its estimated net realizable value of \$135,000.

### ***El Potro Project***

On August 30, 2021, the Company acquired the mineral title to the 1,175 hectare (“ha”) Correa-Jiron Concession 601062 (“El Potro Project”) in the mineral-rich Loja porphyry district, Ecuador for an initial payment of US \$50,000. The option agreement payments, to be paid to the vendors by the Company, over a five-year period total US \$1,150,000 of which, as of September 30, 2022, US \$200,000 has been paid.

In November 2021, following due diligence, the Company indicated its belief that El Potro Project is a new porphyry discovery with significant exploration potential.

The El Potro Project lies in the southeast of Loja Province, southern Ecuador. Altitudes in the single contiguous concession area range from 3,000 m to 3,700 m and access is via gravel roads and mule track from the town of El Airo which is seven km to the west. The project area has been subject to small-scale artisanal mining activity since the Mining Concession was granted in 2010. The El Potro Project has been held by a consortium of private holders since 2010 and the area has not been subject to any recorded systematic exploration.

The area is crossed by a large system of transpressional faults, running north-northeast. A suite of Miocene Portacheula rocks is intruded into older (Jurassic) Chigiünday Trèr Lagunas units.

Preliminary mapping has identified porphyritic intrusions, argillic and Ca-K alteration signatures, locally intense stockworks, and a siliceous lithocap. The main stockwork is hosted in porphyry and exhibits intense quartz veining with visible magnetite and molybdenite. The lithocap is estimated to be 60 m thick and several hundred meters wide. Artisanal mining has concentrated on sulphide-rich portions of the lithocap. Guides to the area demonstrated the gold content by sampling, crushing, and panning.

During due diligence, preliminary geological mapping on traverses was undertaken and 89 rock samples were collected. Assay results showed that 25 of the rock samples were below detection limit for gold, 13 samples were between 6 ppb and 100 ppb, and 49 were greater than 100 ppb. The table below highlights samples from nine areas with either gold above 0.1 ppm (g/t) or copper above 1000 ppm (0.1%).

#### **Highlights from Due Diligence sampling programme**

Sample ID	Width (m)	Au (ppm)	Mo (ppm)	Cu (ppm)	Ag (ppm)	Notes on alteration and mineralization
M54311	0.20	0.3	2	81	1.6	Argillic, manganese oxides and hematite
M54312	5.00	0.1	3	2010	51.9	Phyllic veinlets of quartz, oxidised pyrite
M54315	4.00	0.0	4	2283	5.7	Phyllic, epi, cpy veinlets, py, malachite, traces of bornite
M54318	8.00	0.8	<2	27	3.0	Intense argillic stockwork, drusy qtz, py, aspy, jarosite

Sample ID	Width (m)	Au (ppm)	Mo (ppm)	Cu (ppm)	Ag (ppm)	Notes on alteration and mineralization
M54319	10.00	0.1	2	22	1.7	Intense argillic stockwork, drusy qtz, py, aspy, jarosite
M54321	3.00	26.6	3	97	11.3	Intense oxidised stockwork, py, jarosite
M54322	3.00	9.0	<2	95	5.1	Intense oxidised stockwork, py, jarosite
M54323	1.00	0.8	<2	34	0.5	Argillic, intense oxidation, hematite
M54379	2.00	0.0	61	1109	1.0	Quartz-sericite
M54380	2.00	0.0	85	1966	0.9	Stockwork, qtz-mag-mo. Contact between porphyry / met

The Company has established accommodation and logistics at the site that will enable the team to support sustainable exploration programs. Mapping and sampling will continue with the aim of generating drill targets as quickly as possible.

In fiscal 2022 the Company carried out extensive fieldwork at El Potro and exploration identified two areas, the La Wayra Anomaly and the Osos Negros Anomaly, approximately 1 km apart from each other, with anomalous to elevated copper and molybdenum in rock samples. In addition, during fiscal 2022, a Green Rocks Vectoring report was carried out by the Natural History Museum, London, UK.

#### *La Wayra Anomaly*

Exploration results from a mineralized lithocap at the La Wayra Anomaly previously showed the anomaly exhibits intense silica-argillic alteration, free gold and a trench result of 44.7m @ 2.54 g/t Au. (NR: [November 30, 2021](#)).

On September 12, 2023 the Company reported the discovery of high-grade gold values in a trench located in the Wayra anomaly. A total of 21 channel samples were collected, ranging from 2 to 2.7 meters, and some at less than 1 meter. The results are presented in the table below:

SAMPLE	Width (m)	Au (ppm)	Ag (ppm)	As (ppm)
801733	2	12.38	7.9	4497
801738	2	2.663	3.6	3294
801739	2	6.856	6.7	3104
801741	2	0.81	3.1	689
801742	2	0.818	2.5	1113
801743	2	4.632	9.9	3836
801744	2	0.405	1.7	1195
801745	2	2.727	2.3	813
801746	2	0.678	1.1	1104
801747	2.5	0.229	0.9	812
801748	2	0.007	0.2	97
801749	2.7	0.259	0.9	986
801750	2	1.876	3.8	+10000
801751	2	0.056	0.5	458
801752	2	0.508	1.1	1147
801753	2.3	0.173	1.8	616
801754	2.3	0.75	1.4	504
801756	2.6	0.159	0.9	424
801757	0.1	92.07	93.1	+10000
801758	2	17.08	5.2	842
801759	2	0.103	0.6	547

*New samples collected in La Wayra anomaly*

#### *Osos Negros Anomaly*

The newly identified Osos Negros Cu-Mo anomaly is a complex of porphyries + hydrothermal breccias + quartz stockworks intrusive into metamorphic rocks (quartzites + schists) at 3,400 to 3,600 meters asl. There is phyllic and sodic-calcic alteration with pyrite, chalcopyrite, molybdenite and magnetite. The Osos Negros Anomaly currently measures approximately 1.5 km x 0.5 km. As of the date of this MD&A, 619 chip and channel samples ranging from 2m to 5m in length have been collected (see table below).

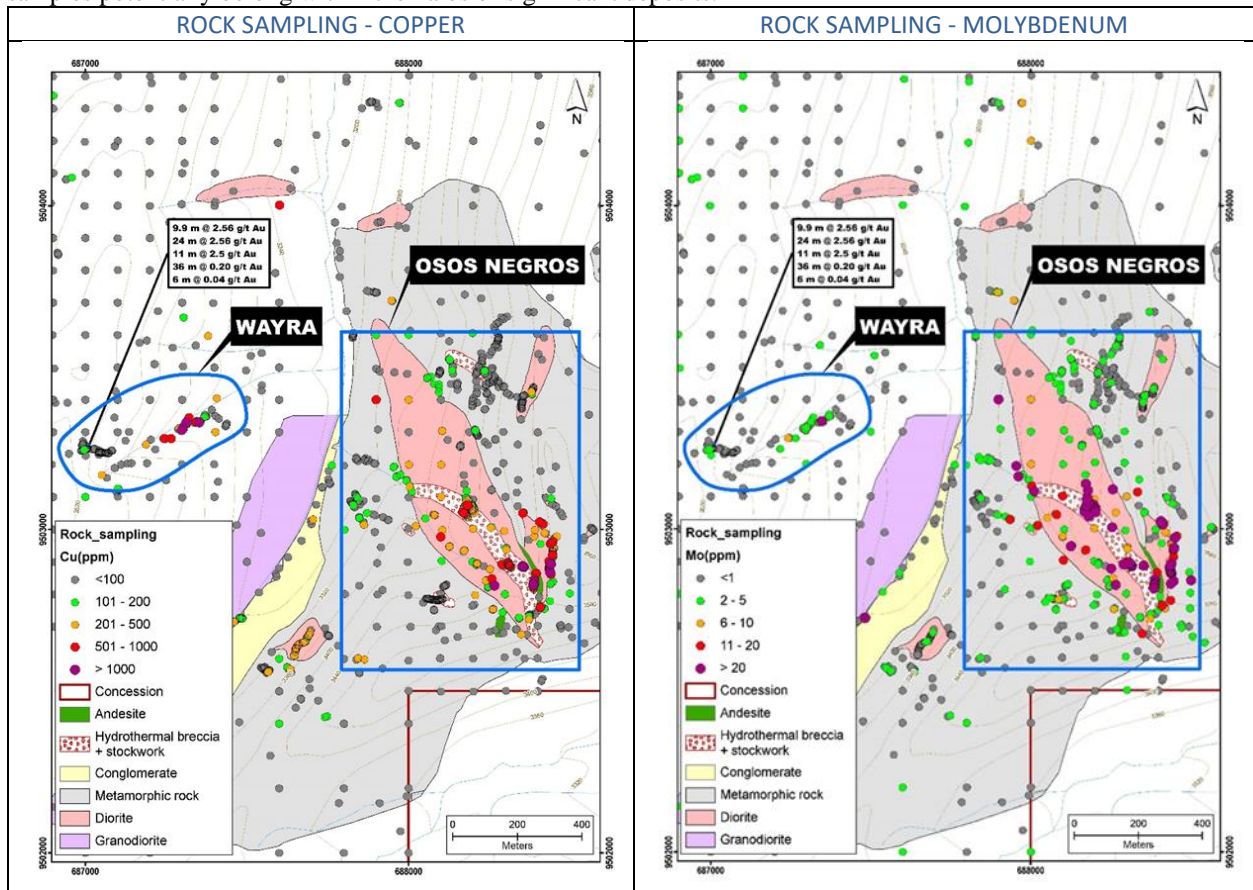
Osos Negro Anomaly - 619 Rock Samples					
Au (ppm)	# Samples	Cu (ppm)	# Samples	Mo (ppm)	# Samples
<0.05	592	<100	373	<10	490
0.05-0.01	23	100-300	145	10-25	78
0.1-0.5	4	300-500	45	25-50	34
>0.5	0	>500	56	>50	17
Max. 0.266		Max. 1982.8		Max. 1325	

The geochemistry confirms the presence of copper-molybdenum porphyry mineralization. The geology indicates the apical to intermediate part of the system.

### Green Rocks Vectoring

During fiscal 2022 the Company sent rock samples to the Natural History Museum (“NHM”), London, UK for a Green Rock Vectoring (“GRV”) study. Fifteen samples were analyzed from across the El Potro Project area. As the two maps below show the eastern half of the concession is dominated by metamorphic quartzites, and the Company interprets these rocks to represent the country rock, into which porphyry bodies have intruded.

The GRV study noted stronger chlorite development in the intrusive rocks than in the metamorphic rocks. The first pass results provide clear evidence of porphyry-related propylitic alteration in the west and chlorite in the east that is strongly indicative of a metamorphic origin. A fertility assessment of the data by the NHM confirms that two of the samples potentially belong within the halos of significant deposits.



### Government Permits

With the government permits for drilling obtained, the administrative procedures mandated by Ecuadorian legislation are now fulfilled, enabling the Company to advance the project with drilling.

## Future Plans

The Company has established accommodation and logistics at the site that will enable the team to support sustainable exploration programs. Exploration will continue in the concession area to identify new anomalies and define potential drilling targets.

## 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.

Three Months Ended	Fiscal 2023			Fiscal 2022				Fiscal 2021
	Sep. 30 2023 \$	Jun. 30 2023 \$	Mar. 31 2023 \$	Dec. 31 2022 \$	Sep. 30 2022 \$	Jun. 30 2022 \$	Mar. 31 2022 \$	Dec. 31 2021 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(221,364)	(616,262)	(504,665)	(685,428)	(307,889)	(472,535)	(379,330)	(693,334)
Other items	(4,123,336)	467,047	(245,280)	620,502	(2,738,168)	49,541	8,521	4,214,504
Net (loss) income	(4,344,700)	(149,215)	(749,945)	(64,926)	(3,046,057)	(422,994)	(370,809)	3,521,170
Other comprehensive (loss) income	95,997	(176,098)	(69,989)	2,810	653,547	353,261	(142,314)	349,378
Comprehensive (loss) income	(4,248,703)	(325,313)	(819,934)	(62,116)	(2,392,510)	(69,733)	(513,123)	3,870,548
Basic and diluted (loss) income per share	(0.02)	(0.00)	(0.00)	(0.00)	(0.02)	(0.00)	(0.00)	0.02
<b>Balance Sheet:</b>								
Working capital	1,896,453	2,544,890	2,599,246	3,207,921	996,236	1,577,861	3,061,571	4,759,535
Total assets	24,567,499	28,832,211	28,954,637	29,274,909	27,199,181	28,853,641	29,100,564	29,178,097
Total long-term liabilities	Nil	Nil	Nil	Nil	(136,601)	Nil	Nil	Nil

## Results of Operations

### *Three Months Ended September 30, 2023 Compared to the Three Months Ended June 30, 2023*

During the three months ended September 30, 2023 (“Q3”) the Company recorded a net loss of \$4,344,700 compared to a net loss of \$149,215 for the three months ended June 30, 2023 (“Q2”) an increase in loss of \$4,195,485. The increase is primarily attributed to the following:

- (a) recorded general exploration expenses of \$50,584 in Q3 compared to \$115,387 in Q2;
- (b) recognition of net drill loss of \$94,670 in Q3 compared to a net drill income of \$119,240 in Q2;
- (c) recognition of insurance proceeds recovery of \$484,536 in Q2 from the loss of a drill rig due to a fire in fiscal 2022;
- (d) recognition of share-based compensation of \$44,136 in Q3 compared to \$305,596 in Q2 due to the granting of share options in Q2;
- (e) recorded a recovery of audit and related of \$17,000 in Q3 compared to an expense of \$58,000 due to an over accrual in Q2;
- (f) during Q3 the Company recorded a \$1,470,532 impairment of exploration and evaluation assets. See also “Wholly-Owned Portfolio - Los Osos Project”; and
- (g) recorded an impairment in investment in associated company of \$2,474,365. See also “Investment in Associate - Los Santos Concession”.

*Three Months Ended June 30, 2023 Compared to the Three Months Ended March 31, 2023*

During the three months ended June 30, 2023 (“Q2”) the Company recorded a net loss of \$149,215 compared to a net loss of \$749,945 for the three months ended March 31, 2023 (“Q1”) a decrease in loss of \$600,730. The decrease is primarily attributed to the following:

- (a) recorded general exploration expenses of \$115,387 in Q2 compared to \$135,460 in Q1;
- (b) recognition of net drill income of \$119,240 in Q2 compared to a net drill loss of \$182,924 in Q1; and
- (b) recognition of insurance proceeds recovery of \$484,536 in Q2 from the loss of a drill rig due to a fire in fiscal 2022; and
- (d) recognition of share-based compensation of \$305,596 in Q2 compared to \$62,578 in Q1 due to the granting of share options in Q2.

*Three Months Ended March 31, 2023 Compared to the Three Months Ended December 31, 2022*

During the three months ended March 31, 2023 (“Q1/2023”) the Company recorded a net loss of \$749,945 compared to a net loss of \$64,926 for the three months ended December 31, 2022 (“Q4/2022”) an increase in loss of \$685,019. The fluctuation is primarily attributed to the following:

- (a) recognition of net drill income of \$443,978 in Q4/2022 compared to net drill loss of \$182,924 in Q1/2023, for a fluctuation of \$626,902, reflecting significant drilling activities conducted in Q4/2022 on the Curipamba Project for Salazar Holdings;
- (b) incurred other income of \$570,762 in Q4/2022 compared to \$67,665 in Q1/2023 mainly from receipt of the annual advance payment of US \$250,000 from Adventus in Q4/2022;
- (c) recorded general and administration expenses of \$504,665 in Q1/2023 compared to \$685,428 in Q4/2022; and
- (d) recognized the write off of equipment of \$304,383 in Q4/2022.

*Three Months Ended December 31, 2022 Compared to the Three Months Ended September 30, 2022*

During the three months ended December 31, 2022 (“Q4/2022”) the Company recorded a net loss of \$64,926 compared to a net loss of \$3,046,057 for the three months ended September 30, 2022 (“Q3/2022”) a decrease in loss of \$2,981,131 due to the recognition of an impairment charge of \$2,858,019 on the Rumiñahui Project in Q3/2022.

*Three Months Ended September 30, 2022 Compared to the Three Months Ended June 30, 2022*

During the three months ended September 30, 2022 (“Q3/2022”) the Company recorded a net loss of \$3,046,057 compared to a net loss of \$422,994 for the three months ended June 30, 2022 (“Q2/2022”) an increase in loss of \$2,623,063 due to the recognition of an impairment charge of \$2,858,019 on the Rumiñahui Project, partially offset by an increase in

net drill income, from \$69,490 in Q2/2022 to \$223,081 in Q3/2022, and a decrease in expenses, from \$472,535 in Q2/2022 to \$307,889 in Q3/2022.

*Three Months Ended June 30, 2022 Compared to the Three Months Ended March 31, 2022*

During the three months ended June 30, 2022 (“Q2/2022”) the Company recorded a net loss of \$422,994 compared to a net loss of \$370,809 for the three months ended March 31, 2022 (“Q1/2022”) an increase in loss of \$52,185 primarily due to the increase in the recognition of an equity loss in Salazar Holdings of \$95,599 in Q2/2022 compared to \$32,341 in Q1/2022.

*Three Months Ended March 31, 2022 Compared to the Three Months Ended December 31, 2021*

During the three months ended March 31, 2022 (“Q1/2022”) the Company recorded a net loss of \$370,809 compared to net income of \$3,521,170 for the three months ended December 31, 2021 (“Q4/2021”) an increase in loss of \$3,891,979 primarily due to the transfer of a 75% ownership interest in Salazar Holdings, resulting in a reclassification of foreign exchange of \$5,551,762 and offset by an impairment on the Curipamba Project of \$1,231,150 during Q4/2021.

***Nine Months ended September 30, 2023 Compared to the Nine Months Ended September 30, 2022***

During the nine months ended September 30, 2023 (the “2023 period”) the Company reported a net loss of \$5,243,860 compared to a net loss of \$3,839,860 for the nine months ended September 30, 2022 (the “2022 period”), an increase in loss of \$1,404,000. The increase in loss is primarily attributed to:

- (a) recorded a \$2,474,365 impairment in investment in associate company (Los Santos Concession) during the 2023 period;
- (b) a \$457,719 fluctuation in net drill income/loss, from net drill income of \$299,365 in the 2022 period to a loss of \$158,354 in the 2023 period;
- (c) an \$112,750 increase in equity loss in Salazar Holdings from \$251,599 during the 2022 period compared to \$364,350 during the 2023 period; and
- (d) a \$182,537 increase in expenses from \$1,159,754 during the 2022 period to \$1,342,291 during the 2023 period. Specific fluctuations in expenses are as follows:
  - (i) recorded share-based compensation of \$412,310 during the 2023 period on the granting and vesting of share options and RSUs compared to \$235,490 during the 2022 period; and
  - (ii) incurred general exploration costs of \$301,341 during the 2023 period compared to \$74,829 in the 2022 period.

The above were partially offset by:

- (a) a \$2,936,043 impairment charge on the Rumiñahui Project during the 2022 period compared to an impairment charge of \$1,470,532 on the Los Osos Concession during the 2023 period.
- (b) the insurance proceeds recovery of \$484,536 during the 2023 period from the loss of a drill rig due to a fire.

**Exploration and Evaluations Assets**

During the 2023 period the Company incurred a total of \$992,296 (2022 - \$3,646,701) for exploration and evaluation assets.

Details of the exploration and acquisition expenditures for the 2023 period are as follows:

	Macara \$	Los Osos \$	El Potro \$	Total \$
<b>Balance at December 31, 2022</b>	4,586,084	1,541,985	1,199,817	7,327,886
<b>Exploration costs</b>				
Assay analysis	-	-	32,582	32,582
Camp supervision and personnel	83,941	-	18,569	102,510
Camp supplies	36,314	-	21,498	57,812
Community relations	88,356	-	27,775	116,131
Depreciation	2,432	-	2,598	5,030
Environmental studies	-	2,100	2,237	4,337
Equipment maintenance	9,380	-	3,061	12,441
Exploration site	81,593	-	45,226	126,819
Geological	-	20,590	372	20,962
Legal	-	181	132	313
Salaries	179,609	-	142,205	321,814
	<u>481,625</u>	<u>22,871</u>	<u>296,255</u>	<u>800,751</u>
<b>Acquisition costs</b>				
Property/concession/option payments	-	42,777	148,768	191,545
<b>Other</b>				
Foreign exchange movement	(6,623)	(2,101)	(2,151)	(10,875)
<b>Impairment provision</b>	-	(1,470,532)	-	(1,470,532)
<b>Balance at September 30, 2023</b>	<u>5,061,086</u>	<u>135,000</u>	<u>1,642,689</u>	<u>6,838,775</u>

See also “Properties Update”.

## **Financing Activities**

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. In addition the Company issued 400,000 common shares on the exercise of stock options for proceeds of \$40,000.

No financings were conducted during the 2022 period.

## **Financial Condition / Capital Resources**

As at September 30, 2023 the Company had working capital of \$1,896,453. 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.

## **Contractual 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 September 30, 2023, the Company's commitment for fiscal 2023 is approximately US \$1,450,000.
- (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 fiscal 2023 is approximately US \$250,000.

## **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

## **Proposed Transactions**

The Company has no proposed transactions.

## **Critical Accounting Estimates**

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

A detailed summary of the Company's critical accounting estimates and sources of estimation is included in Note 3 to the December 31, 2022 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, 2022 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 2023 and 2022 period the following amounts were incurred with respect to the Company's President and CEO, Fredy Salazar, the CFO, Pablo Acosta and the Executive Vice-President Merlin Marr-Johnson:

	2023 \$	2022 \$
Mr. Salazar		
- Salaries and compensation	42,548	51,683
- Health benefits	3,737	3,564
- Share-based compensation (share options)	56,842	27,009
- Share-based compensation (RSUs)	18,460	18,460
	<u>121,587</u>	<u>100,716</u>
Mr. Acosta		
- Salaries and compensation	32,270	60,133
- Health benefits	1,504	1,434
- Share-based compensation (share options)	18,644	8,310
- Share-based compensation (RSUs)	8,205	8,204
	<u>60,623</u>	<u>78,081</u>
Mr. Marr-Johnson		
- Consulting fees	37,500	99,000
- Share-based compensation (share options)	24,109	20,776
- Share-based compensation (RSUs)	15,383	15,383
	<u>76,992</u>	<u>135,159</u>
	<u>259,202</u>	<u>313,956</u>

As at September 30, 2023 \$13,250 (December 31, 2022 - \$22,000) remained unpaid.

### (b) Transactions with Other Related Parties

(i) During the 2023 and 2022 period the following consulting expenses were incurred with respect to non-executive directors of the Company:

	2023 \$	2022 \$
Consulting fees		
- Etienne Walter	12,108	17,505
- Nick DeMare	15,148	28,866
- Mary Gilzean	12,108	17,505
Share-based compensation (share options)		
- Etienne Walter	17,277	5,194
- Nick DeMare	17,368	5,402
- Mary Gilzean	32,376	38,682



	2023 \$	2022 \$
Share-based compensation (RSUs)		
- Etienne Walter	3,589	3,589
- Nick DeMare	8,205	8,204
- Mary Gilzean	13,686	13,686
	<u>131,865</u>	<u>138,633</u>

As at September 30, 2023 \$12,574 (December 31, 2022 - \$10,361) remained unpaid.

- (ii) During the 2023 period the Company incurred a total of \$42,384 (2022 - \$43,816) to Chase Management Ltd. (“Chase”), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at September 30, 2023 \$4,732 (December 31, 2022 - \$9,481) remained unpaid.

During the 2023 period the Company also recorded \$6,300 (2022 - \$nil) share-based compensation for share options granted to Chase.

- (c) During the 2023 period the Company incurred \$24,217 (2022 - \$184,752) for equipment rental services and \$48,434 (2022 - \$111,672) for professional services provided by Amlatminas S.A. (“Amlatminas”) a private corporation controlled by Mr. Salazar and Mr. Acosta. As at September 30, 2023 \$79,232 (December 31, 2022 - \$79,373) remained unpaid.

During the 2023 period the Company also recorded \$21,000 share-based compensation for share options granted to Amlatminas.

- (d) During the 2023 period the Company incurred \$21,795 (2022 - \$26,558) 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 November 29, 2023, there were 184,112,079 issued and outstanding common shares, 2,114,320 share purchase warrants outstanding at exercise prices ranging from \$0.12 to \$0.35 per share, 14,987,000 share options outstanding at exercise prices ranging from \$0.10 to \$0.37 per share, and 863,000 restricted share units.