# SALAZAR RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS
## FOR THE YEAR ENDED DECEMBER 31, 2023

This discussion and analysis of financial position and results of operation is prepared as at April 29, 2024 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2023 and 2022 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.sedarplus.ca and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

## Company Overview

The Company's principal business activity is the acquisition, exploration and development of mineral properties in Ecuador. As of the date of this MD&A the Company considers itself to be an exploration stage company.

The Company is a reporting issuer in British Columbia, Alberta, Ontario and Nova Scotia. The Company's shares trade on the TSX Venture Exchange ("TSXV") under the symbol "SRL" as a Tier 1 mining issuer, on the OTCQX under the symbol "SRLZF", and on the Frankfurt Exchange under the symbol "CCG". The Company's executive head office is located in Quito, Ecuador.

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

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

The Company and Adventus also entered into an exploration alliance agreement (the "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.

Ecuador is located in the same Andean region as Peru and Colombia, and shares much of the same geology as these resource-rich mining districts. Ecuador is rich in natural resources but has been under-explored for minerals. As Ecuador recognizes modern mining as an engine of long-term economic growth, it continues to introduce measures to improve the mining investment environment. Ecuador's private and public sectors continue to make significant investments in its infrastructure, and the country continues to benefit from one of the lowest energy costs in the Americas. Its proximity to the Panama Canal, the dollarization since 2000, and access to modern port and highway logistics provide significant global and regional advantages.

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.

After being sworn in as President on November 22, 2023, Daniel Noboa initiated a series of urgent economic reforms and made several strategic political decisions regarding security and the justice system that have had major positive impacts on the country and sustained his popularity rating between 60% and 80%.

President Noboa was able to consolidate support within Ecuador's National Assembly and pass four urgent economic laws:

1. Tax Reform (December 2023).
2. Energy Efficiency (January 2024).

3. Urgent Economic Law to deal with the Armed Internal Conflict and social and economic crisis (February 2024) – among other things, this law raises the value added tax from 12 to 13% and gives the President power to raise it temporarily to 15%.
4. Property Forfeiture (February 2024) – this law simplifies the process for the government to seize property related to illegal activity or in the possession of criminals.

On January 9, 2024, President Noboa declared Armed Internal Conflict and State of Exception which allowed the government wide reaching powers to deploy police and military throughout the country to fight drug gangs and crime.

During the past few months, police and military have arrested over 10,000 criminals and seized more than $2.5 billion worth of drugs. Violent crime has dropped 80% in the country.

Since December 2023, the Attorney General of Ecuador has initiated a number of large national level investigation cases, including the "Metastesis", "Purge", and the "Plague" cases. These investigations have resulted in the arrest of dozens of politicians, judges, former judges, police, lawyers, public servants, former public servants with links to criminal organizations and drug gangs.

In March 2024, President Noboa participated in the 92nd annual Prospectors and Developers Association of Canada ("PDAC") metals and mining convention in Toronto, Canada together with four ministers of state where he publicly expressed his support for responsible mining development in Ecuador and signed close to $5 billion of investment agreements with mining companies for exploration and development of mining projects.

On April 21, 2024, the government held a Public Referendum and Consultation that included eleven questions mainly focused on reforms to strengthen the fight against organized crime, including the allowance of extradition of criminals to face charges in other countries, greater participation of the military in the fight against domestic crime, and increased sentences for criminal convictions among others. Two questions dealt with labour reforms and international arbitration.

All nine security questions were approved by a wide margin and the remaining two questions were not. This result strengthens the President's mandate and gives the government additional tools needed to continue the fight against the drug trade and organized crime. This political capital is expected to allow the President to continue to push his agenda which includes bolstering mining development in the country.

**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) |
| **Measured** | 3.2 | 2.61 | 0.24 | 2.50 | 3.03 | 45 | 84.9 | 7.7 | 81.1 | 316 | 4,704 |
| **Indicated** | 5.7 | 1.83 | 0.24 | 2.64 | 1.98 | 45 | 104.5 | 13.9 | 150.6 | 364 | 8,265 |
| **M+I** | **9.0** | **2.11** | **0.24** | **2.59** | **2.36** | **45** | **189.4** | **21.6** | **231.7** | **680** | **12,969** |
| **Inferred** | 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 |
| **M+I** | **7.1** | **1.95** | **0.27** | **2.64** | **2.63** | **49** | **137.5** | **19.0** | **186.3** | **596** | **11,074** |
| **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 $/gAg*
   c. *Copper Mineral (Cu/(Pb+Zn) >3.0): 57.83 $/% Cu, 6.84 $/g Au and 0.19 $/g Ag*
7. *Bulk density interpolated on a block per block basis using assayed value, the correlation between measured density values and iron content, and base metal grade. The bulk densities range between 2.1 t/m$^3$ and 4.6 t/m$^3$*
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 | **4,175** |
| Probable Reserves | 3,343 | 1.39 | 0.3 | 2.67 | 2.23 | 50 | 46.4 | 9.4 | 89.4 | 240 | **5,342** |
| Proven + Probable | **6,478** | **1.93** | **0.2** | **2.49** | **2.52** | **46** | **124.9** | **16.2** | **161.4** | **525** | **9,517** |

*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 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. On April 26, 2024 Adventus announced that they had entered into an arrangement agreement with Silvercorp Metals Inc. ("Silvercorp") pursuant to which Silvercorp has agreed to acquire all of the issued and outstanding shares of Adventus. The Company is fully supportive of the transaction as it will fully fund and accelerate El Domo through construction to commercial operations.

**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")***

On November 18, 2021, the Corporation announced that the ESIA for the Curipamba project has been completed and the environmental licensing process has been initiated with the MAATE. The completed ESIA is the culmination of over two years of environmental, community, and engineering activities led by the Corporation, with the assistance of several internationally recognized and Ecuador-experienced consulting firms. Importantly, the ESIA and the environmental management plan ("EMP") included all technical design and project scope parameters detailed in the Curipamba Feasibility Study. (See October 26, 2021 news release).

The 7,000-page ESIA and EMP comply with Ecuadorian legislation and international best practices which include physical, biotic, socioeconomic, and cultural baselines, determination of areas of influence, analyses of environmental risks and social and environmental impacts as well as a plan that comprises the prevention and mitigation of impacts, contingencies, training, waste management, community relations, rehabilitation of affected areas, wildlife rescue, environmental monitoring, and mine closure.

Technical approval was issued by MAATE in May 2022 and the final phase of the permitting process, the Consultation, took place between July and December 2023, pursuant to the Regulation of the Environmental Organic Code as modified by Presidential Decree 754 (the "Decree 754") and in accordance with guidelines issued by the Constitutional Court of Ecuador, which incorporate Escazú principles and other international standards related to community participation in development projects. The Consultation was overwhelmingly supported by the communities in the direct area of influence of the project, with 98% voting in favour of issuing the Environmental License. (See December 27, 2023, news release).

The Environmental License for Construction and Operation of the Curipamba – El Domo project was granted by the Ecuadorian authority on January 19, 2024 (See January 22, 2024, news release).

***Curipamba - Tailings Storage Facility ("TSF")***

In June 2023, the application for permit for the TSF was submitted, in compliance with the requirements established in the MEM instructive for approval of TSF for medium and large-scale mining projects. In January 30, 2024, the Corporation announced that MEM, in conjunction with ARCERNNR, has granted approval for the design, construction, operation and maintenance of the TSF for El Domo.

In addition to the detailed design and the risk management plan, the 1,300-page permit application contained 12 specific technical studies covering all aspects of the TSF design, construction, operations and maintenance. The application also includes certification of the stability analysis by a qualified third-party expert.

Apart from complying with Ecuadorian regulations, the El Domo TSF design meets requirements of the Canadian Dam Association guidelines. The construction method will be downstream, using rock-fill which is the safest tailings dam configuration method. This is consistent with the commitment of the Corporation in compliance to international best practices and to the highest technical standards of modern responsible mining.

With the granting of the Environmental License and the TSF approval, the Corporation is progressing well towards advancing El Domo to a construction decision expected in the first half of 2024. The start of TSF construction is a key condition precedent to draw down from the project financing arrangement with Wheaton. The main outstanding permits are (a) Water Usage Permit (surface water capture during construction), (b) Permit to Build on Waterways and (c) Explosives Permit. These, together with the conversion of the exploration licence to exploitation licence, will allow the Corporation to commence construction.

***Curipamba - Environmental Social and Governance ("ESG") initiatives***

The following are some of the initiatives the Corporation has undertaken in Curipamba:

**Training and Development Partnership with ESPOL University**

In 2022, pursuant to a 2019 agreement with Escuela Superior Politécnica del Litoral ("ESPOL"), a public university in Guayaquil, Ecuador, and the Nobis Foundation, Curimining commenced a training program that focused on technical trades in support of local businesses. The 2022-2023 program provided training to over 180 individuals from the local project communities in courses such as electrical installations, telecommunications, civil works, health and safety, and food preparation.

**Mine Operator Training Supported by Stracon-Ripconciv**

A mine operator training program was executed in partnership with the Stracon-Ripconciv Joint Venture (see November 17, 2022 news release) and the Universidad Técnica Particular de Loja ("UTPL"), which took place in the town of Las Naves through an agreement with the University of Bolivar. The 2022 program started with equipment maintenance training, of which 25% of the participants are female. The equipment operator and mine truck driver training were concluded by the third quarter of 2023 and included more than 50 people from the Las Naves area.

**Promotion of Local Suppliers and Service Providers**

The promotion of local suppliers and service providers is a key component of El Domo's contribution to sustainable economic development in the region. Curimining is already a major purchaser of local goods and services, and directly and indirectly employs many local residents. One example of our commitment to development of local service providers is the continued development of community catering services, which has shown benefit to women in the local communities in the direct and indirect area of influence.

**Community Sports and Cultural Initiatives**

For the past decade, Curimining has supported arts, culture and sports in the community through a variety of youth and adult programs and has resumed these after the temporary suspension due to pandemic measures. Some of these are executed in conjunction with the Salazar Foundation. These programs provide opportunities in particular to underprivileged youth and women in communities where support is otherwise limited. They include:

- Elementary school art competition and a bursary program which provides economic support to local children.
- Grupo de Danza, which actively promotes and supports local culture through performance arts. Youth teams have resumed their representation of project communities in dance competitions across Ecuador.
- Partnership with local professional football club: Mineros Sporting Club S.A. and the Salazar Foundation to establish a youth football program which includes several communities in the El Domo and Curipamba region. The community program includes both a competitive program for adults and a skills development program for youth, which involves more than 200 local boys and girls.

**Community Roundtables for El Domo Engagement**

Over the past few years, Curimining has encouraged a participatory dialogue process through community round tables for the El Domo project. These are led by an impartial third party – INSUCO International, with the purpose of engaging local and regional stakeholders in a territorial approach that addresses key community issues and concerns. In 2021, a pilot program was rolled out in two key communities of interest, and based on the success, the program was expanded in 2022-23 to be open to all regional communities. Five themes have been identified from community feedback, including: local and regional governance, community security, sustainable economic development, employment and local business development, and environmental sustainability. Participation in the dialogue tables is typically between 40 to 70 individuals from local and regional government, community, civil society, businesses, and academia. The roundtables will continue in 2024 and are expected to enhance community support for the El Domo project.

***Curipamba – Regional Exploration***

Curipamba project is comprised of seven concessions representing about 21,500 hectares and includes the El Domo deposit. Since completion of the MobileMT geophysical survey in 2019, the Corporation has made significant progress generating targets through the processing and integration of all geoscience data collected from surficial geochemistry, geological mapping, prospecting, drilling, and ground geophysical surveys. The various data sets were compiled in order to produce a matrix that will drive exploration logistics and planning on priority ranked targets. Targets were classified as either VMS-related, such as the El Domo deposit, or porphyry-related. In total, 15 targets were defined and ranked in priority during the TGI process. Drilling commenced on the highest-ranking La Vaquera target approximately 8 km southwest of the El Domo deposit in March 2020 just before all field work was suspended due to COVID-19 health protocols.

In 2021, a new VMS system was identified at the Agua Santa target, located 4.5 kilometres to the southwest of El Domo. (see August 9, 2021 and December 7, 2021 news releases for maps and detailed drilling results). Since then, a drill program of 2,818 metres in 11 drill holes was completed in that area. Drilling results from the Agua Santa target are detailed in the press release dated October 17, 2022.

Other high priority targets defined during the 2020 target generation initiative process remain untested (see January 21, 2020 news release). Of key importance is that most of these targets are new and have not seen significant exploration or drilling historically.

**Exploration Alliance - Pijilí Project**

The Pijilí project consists of five (5) 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). I n 2022, it became known that a third party is in dispute with the Ministry of Energy and Mines of Ecuador on the title of two of the five concessions related to Piliji. On November 6, 2023, the Ministry of Energy and Mines issued a resolution accepting the appeal that Llaktawayku S.A. ("Llaktawakyu"), the holding company 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 hole, 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). Drilling was paused by the second quarter of 2023, to allow time to strategize on a socialization plan. In the meantime, it was considered prudent to adopt a lower profile until the election is over. By the last quarter of the year, when the

Company was considering entering into a transaction with Luminex, with its large portfolio of concessions in Ecuador, management re-prioritize exploration plans to reflect better allocation of exploration funding.

As a result, it was decided to place the Santiago project into care and maintenance for 2024.

**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. The Company terminated the Mining Option and Shareholders' Agreement on March 28, 2024.

**Wholly-Owned Portfolio**

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

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

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

Ahead of drilling to target gold resources, 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 2023 or 2022. During fiscal 2023 the Company reviewed the carrying value of the Los Osos Concession and determined to record an impairment provision of $1,605,532 for all costs capitalized.

***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) Chigüinday Très Lagunas units.

Preliminary mapping has identified porphyrytic 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 |
| 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 | |

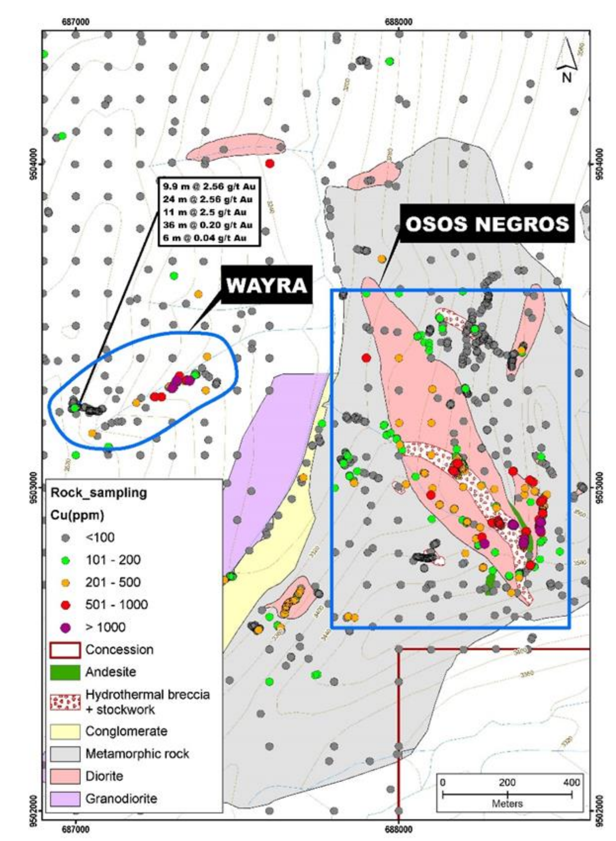
The geochemistry confirms the presence of copper-molybdenum porphyry mineralization. The geology indicates the apical to intermediate part of the system.

***Green Rocks Vectoring***

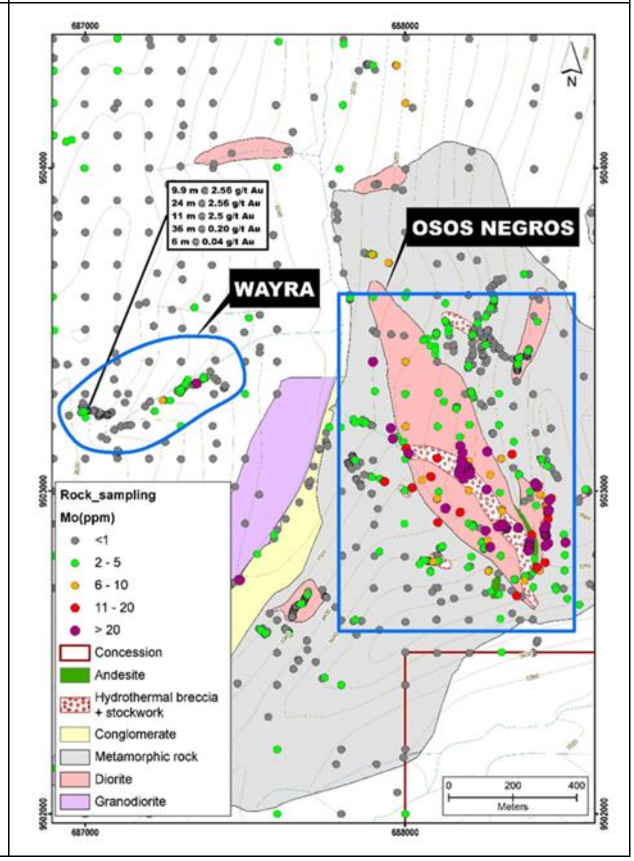
During fiscal 2022 the Company sent rock samples to the Natural History Museum ("NHM"), London, UK for a Green Rock Vectoring ("GRV") study. Fifteen samples were analyzed from across the El Potro Project area. As the two maps below show the eastern half of the concession is dominated by metamorphic quartzites, 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.

ROCK SAMPLING - COPPER




ROCK SAMPLING - MOLYBDENUM




### *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 audited annual consolidated financial statements of the Company.

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2023<br>$ | 2022<br>$ | 2021<br>$ |
| **Operations:** | | | |
| Revenues | Nil | Nil | Nil |
| Expenses | (3,180,970) | (3,312,513) | (1,675,500) |
| Other items | (2,494,352) | (592,273) | 4,403,121 |
| Net income (loss) | (5,675,322) | (3,904,786) | 2,727,621 |
| Other comprehensive income (loss) | (368,276) | 867,304 | 362,645 |
| Comprehensive income (loss) | (6,043,598) | (3,037,482) | 3,090,266 |
| Basic and diluted income (loss) per share | (0.03) | (0.03) | 0.02 |
| **Balance Sheet:** | | | |
| Working capital | 1,335,748 | 3,207,921 | 4,759,535 |
| Total assets | 23,832,397 | 29,274,909 | 29,178,097 |
| Total long-term liabilities | Nil | Nil | Nil |

During fiscal 2021 the Company incurred expenses of $1,675,500 compared to $1,172,622 in 2020. The main items contributing to this increase were an increase in community relations costs of $96,117 not specifically connected to a property, an increase in legal fees of $154,920 due to various property agreements and an increase in shares-based compensation of $244,557 on granting of additional share options and restricted share units. The salary, net of recoveries, did not change materially. Other items show income of $4,403,121. Three items make up substantially all of this balance. A write-off of $130,484, an impairment charge of $1,231,150 and foreign exchange income from reclassification of accumulated other comprehensive income. All three items are related and connected in part to the implementation of the earn-in by Adventus and the reduction of the Company's ownership interest to 25% from 100%. Under IFRS on transition of the Company's ownership interest from 100% via a wholly-owned subsidiary, Salazar Holdings Ltd., to a 25% equity ownership interest in Salazar Holdings Ltd., resulted in the impairment charge of $1,231,150 and the gain on foreign exchange on reclassification. The impairment was calculated by retaining an independent valuator to assess the fair value as at December 31, 2021 of the Company's 25% interest in Salazar Holdings. As carrying costs were higher than IFRS compliant fair value an impairment charge was required.

As a direct result of the conversion of the Company's 100% ownership interest to a 25% ownership interest is now shown as a investment in an associated company and carried on the equity method. Given this change IFRS required a reclassification of $5,551,762 from other comprehensive income on the related accumulated foreign exchange amounts relating to Salazar Holdings. As a result of the above other items, which are solely related to the Adventus earn-in, the Company has reported net income of $2,727,621 for fiscal 2021.

During fiscal 2022 the Company incurred a net loss of $3,904,786 compared to net income of $2,727,621 during fiscal 2021, an increase in loss of $6,632,407. The loss before other items in 2022 was $1,845,182 compared to $1,675,500 in 2021 an increase of $169,682. On an overall basis the increase in expenses was not substantial. The loss in 2022 from other items totalled $2,059,604 compared to income from other items in 2021 of $4,403,121, an increase in loss of $6,462,725. This increase in loss from other items represented about 97 % of the increase in net loss in 2022 of $6,632,407. The conversion of the Company's 100% ownership of Salazar Holdings to a 25% equity ownership interest resulted in a gain on reclassification of foreign exchange of $5,551,762 and an impairment charge of $1,231,150, for a net gain of $4,320,612. This represented substantially all of the 2021 gain from other items of $4,403,121. The 2022 loss from other items of $2,059,604 included an impairment charge of $2,858,019. This impairment charge was recorded on the Ruminahui property due to poor drill results and inability to market the property. In addition, a loss of $ 304,383 was recorded in 2022 on the write-off of one of the Company's drill rigs, damaged beyond repair. In 2022 the Company also recorded its initial equity loss of $400,399 resulting from its 25% ownership interest of Salazar Holdings Ltd. These other losses of $ 3,562,801 were partially offset by other gains of $1,503,197. The main components of other gains included net drill income of $2,210,674, management fees of $232,305, advance payment of $342,500 and operator fees of $27,240. All these items arise out of the ongoing working relationship with Adventus Mining related to jointly owned projects in Ecuador.

During fiscal 2023 the Company incurred a net loss of $5,675,322 as compared to $3,904,786 in fiscal 2022. A number of factors contributed to the increase in net loss of $1,770,537 for 2023. The Company fully impaired its investment in Santos Resources Ltd. through which the Company was earning up to a 100% interest in the Los Santos concession. The results from work programs did not justify maintaining the option. The loss on impairment was $2,474,365.

During fiscal 2023 the Company conducted a detailed review of the Los Osos property and determined that the carrying value would not be recovered. Accordingly the Company recorded an impairment charge of $1,605,532. The impairment charges in fiscal 2023 were $1,252,487 less compared to fiscal 2022.

In fiscal 2023 the Company recorded income of $482,436 from insurance proceeds recovery. During fiscal 2023 a drill rig was destroyed and the Company was able to recover substantially all of loss incurred. The drill rig has not been replaced. Other income was down by $237,855 in 2023. This decrease was substantially attributable to the contractual termination of management fees from the Curipamba Project.

During fiscal 2023 drilling activities were substantially curtailed due primarily to lack of drilling at Curipamba. In fiscal 2022 drilling activities contributed positively a total of $743,343 towards operations whereas in 2023 drilling activities , resulted in a loss of $787,439.

During fiscal 2023 the Company made efforts to cut back expenditures due to a decrease in cash resources. Corporate development costs decreased by $117,523, community relations decreased by $122,789 and director and officer compensation decreased by $164,496. Generla exploration, primarily geared to the new resource properties increased by $291,230.

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

| | Fiscal 2023 | | | | Fiscal 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| **Three Months Ended** | **Dec. 31 2023 $** | **Sep. 30 2023 $** | **Jun. 30 2023 $** | **Mar. 31 2023 $** | **Dec. 31 2022 $** | **Sep. 30 2022 $** | **Jun. 30 2022 $** | **Mar. 31 2022 $** |
| **Operations:** | | | | | | | | |
| Revenues | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Expenses | (648,950) | (481,410) | (1,089,779) | (960,831) | (1,294,324) | (858,435) | (472,535) | (379,330) |
| Other items | 217,488 | (3,863,290) | 940,564 | 210,886 | 1,229,398 | (2,187,622) | 49,541 | 8,521 |
| Net (loss) income | (431,462) | (4,344,700) | (149,215) | (749,945) | (64,926) | (3,046,057) | (422,994) | (370,809) |
| Other comprehensive (loss) income | (218,186) | 95,997 | (176,098) | (69,989) | 2,810 | 653,547 | 353,261 | (142,314) |
| Comprehensive (loss) income | (649,648) | (4,248,703) | (325,313) | (819,934) | (62,116) | (2,392,510) | (69,733) | (513,123) |
| Basic and diluted (loss) income per share | (0.01) | (0.02) | (0.00) | (0.00) | (0.00) | (0.02) | (0.00) | (0.00) |
| **Balance Sheet:** | | | | | | | | |
| Working capital | 1,335,748 | 1,896,453 | 2,544,890 | 2,599,246 | 3,207,921 | 996,236 | 1,577,861 | 3,061,571 |
| Total assets | 23,832,397 | 24,567,499 | 28,832,211 | 28,954,637 | 29,274,909 | 27,199,181 | 28,853,641 | 29,100,564 |
| Total long-term liabilities | Nil | Nil | Nil | Nil | (136,601) | Nil | Nil | Nil |

## Results of Operations

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

During the three months ended December 31, 2023 ("Q4/2023") the Company recorded a net loss of $431,462 compared to a net loss of $64,926 for the three months ended December 31, 2022 ("Q4/2022") an increase in loss of $366,536. The fluctuation is primarily attributed to the recognition of net drill expenses of $629,085 in Q4/2023 compared to $1,072,983 net drill income in Q4/2022.

*Three Months Ended December 31, 2023 Compared to the Three Months Ended September 30, 2023*

During the three months ended December 31, 2023 ("Q4/2023") the Company recorded a net loss of $431,462 compared to a net loss of $4,344,700 for the three months ended September 30, 2023 ("Q3/2023") a decrease in loss of $3,913,238. The decrease is primarily attributed to the following:

(a) during Q3/2023 the Company recorded a $1,470,532 impairment of exploration and evaluation assets. See also "Wholly-Owned Portfolio - Los Osos Project"; and

(b) during Q3/2023 the Company also recorded an impairment in investment in associated company of $2,474,365. See also "Investment in Associate - Los Santos Concession".

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

During the three months ended September 30, 2023 ("Q3/2023") 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 ("Q2/2023") an increase in loss of $4,195,485. The increase is primarily attributed to the following:

(a) during Q3/2023 the Company recorded a $1,470,532 impairment of exploration and evaluation assets. See also "Wholly-Owned Portfolio - Los Osos Project";
(b) recorded an impairment in investment in associated company of $2,474,365. See also "Investment in Associate - Los Santos Concession".
(c) recorded general exploration expenses of $50,584 in Q3 compared to $115,387 in Q2/2023;
(d) recognition of net drill loss of $94,670 in Q3/2023 compared to a net drill income of $119,240 in Q2/2023;
(e) recognition of insurance proceeds recovery of $484,536 in Q2/2023 from the loss of a drill rig due to a fire in fiscal 2022;
(f) recognition of share-based compensation of $44,136 in Q3/2023 compared to $305,596 in Q2/2023 due to the granting of share options in Q2/2023; and
(g) recorded a recovery of audit and related of $17,000 in Q3/2023 compared to an expense of $58,000 due to an over accrual in Q2/2023.

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

During the three months ended June 30, 2023 ("Q2/2023") 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 ("Q1/2023") a decrease in loss of $600,730. The decrease is primarily attributed to the following:

(a) recorded general exploration expenses of $115,387 in Q2/2023 compared to $135,460 in Q1/2023;
(b) recognition of net drill income of $119,240 in Q2/2023 compared to a net drill loss of $182,924 in Q1; and
(b) recognition of insurance proceeds recovery of $484,536 in Q2/2023 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 Q2/2023 compared to $62,578 in Q1/2023 due to the granting of share options in Q2/2023.

*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 increa1.

se in 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.

***Year Ended December 31, 2023 Compared to the year Ended December 31, 2022***

During the year ended December 31, 2023 ("fiscal 2023") the Company reported a net loss of $5,675,322 compared to a net loss of $3,904,786 for the year ended December 31, 2022 ("fiscal 2022"), an increase in loss of $1,770,536. The fluctuation is due to the following:

(a) during fiscal 2023 the Company recorded a $2,474,365 impairment in investment in associate company (Los Santos Concession);
(b) a $1,368,526 fluctuation in drill income, from drill income of $2,210,674 in fiscal 2022 to drill income of $842,1483 in fiscal 2023;
(c) a $142,708 decrease in equity loss in Salazar Holdings from $400,399 during fiscal 2022 compared to $257,691 during fiscal 2023; and
(d) a $131,543 decrease in expenses from $3,312,513 during fiscal 2022 to $3,180,970 during fiscal 2023. Specific fluctuations in expenses are as follows:

    (i) recorded share-based compensation of $352,930 during fiscal 2023 period on the granting and vesting of share options and RSUs compared to $298,068 during fiscal 2022 ;
    (ii) incurred general exploration costs of $398,149 during fiscal 2023 compared to $106,919 in the fiscal 2022 for review of prospective mineral properties;
    (iii) incurred audit fees of $119,000 (2022 - $191,691). During fiscal 2022 audit fees were higher due to the scope of the audit process resulting from the various arrangements with Adventus;
    (iv) incurred consulting fees of $500 (2022 - $53,472). During fiscal 2022 the Company engaged consultants for corporate advisory services;
    (v) incurred corporate development expenses of $2,294 (2022 - $119,817). During fiscal 2022 the Company had several market awareness programs; and
    (vi) incurred community relations expenses of $9,446 (2022 - $133,235) for support to communities through its various programs.

The above were partially offset by:

(a) a $2,858,019 impairment charge on the Rumiñahui Project during fiscal 2022 compared to an impairment charge of $1,605,532 on the Los Osos Concession during fiscal 2023; and
(b) the insurance proceeds recovery of $482,436 during fiscal 2023 from the loss of a drill rig due to a fire.

**Exploration and Evaluations Assets**

During fiscal 2023 the Company incurred a total of $1,214,501 (2022 - $2,389,435) for exploration and evaluation assets.

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

| | Macara $ | El Potro $ | Los Osos $ | Total $ |
|---|---|---|---|---|
| **Balance at December 31, 2022** | 4,586,084 | 1,199,817 | 1,541,985 | 7,327,886 |
| **Exploration costs** | | | | |
| Assay analysis | - | 34,521 | - | 34,521 |
| Camp supervision and personnel | 25,418 | 54,997 | | 80,415 |
| Camp supplies | 43,360 | 33,583 | - | 76,943 |
| Community relations | - | 27,858 | - | 27,858 |
| Depreciation | 34,109 | 2,900 | - | 37,009 |
| Environmental studies | - | 20,461 | 2,100 | 22,561 |
| Equipment maintenance | 9,617 | 1,830 | - | 11,447 |
| Exploration site | 55,973 | 121,511 | - | 177,484 |
| Geological | - | 695 | 20,590 | 21,285 |
| Legal | - | 132 | 181 | 313 |
| Salaries | 234,664 | 298,014 | - | 532,678 |
| | 403,141 | 596,502 | 22,871 | 1,022,514 |
| **Acquisition costs** | | | | |
| Property/concession/option payments | - | 149,210 | 42,777 | 191,987 |
| **Other** | | | | |
| Foreign exchange movement | (152,848) | (59,478) | (2,101) | (214,427) |
| **Impairment provision** | - | - | (1,605,532) | (1,605,532) |
| **Balance at December 31, 2023** | 4,836,377 | 1,886,051 | - | 6,722,428 |

See also "Properties Update".

### Financing Activities

*Fiscal 2023*

In January 2023 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 and issued 100,000 common shares on the exercise of RSUs.

*Fiscal 2022*

In October 2022 the Company announced a non-brokered private placement financing of up to 30,000,000 common shares at $0.10 per share. In December 2022 the Company completed a number of tranche closings and issued a total of 26,314,796 common shares for total proceeds of $2,631,479. In addition, the Company issued 50,000 common shares on the exercise of share options for proceeds of $6,750.

### Financial Condition / Capital Resources

As at December 31, 2023 the Company had working capital of $1,335,748. 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. On April 17, 2024 the Company closed a financing to raise $1,503,000 through the issuance of 30,600,000 common shares.

### 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 December 31, 2023, the Company's commitment for fiscal 2023 is approximately US $1,300,000.

(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 fiscal 2023 is approximately US $65,000.

**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, 2023 audited annual consolidated financial statements.

**Changes in Accounting Policies**

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

**Transactions with Related Parties**

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

(a) *Transactions with Key Management Personnel*

During fiscal 2023 and 2022 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**<br>**$** | **2022**<br>**$** |
|---|---|---|
| Mr. Salazar | | |
| - Salaries and compensation | 59,503 | 76,021 |
| - Health benefits | 4,983 | 4,821 |
| - Share-based compensation (share options) | 55,706 | 33,242 |
| - Share-based compensation (RSUs) | 6,564 | 24,614 |
| | 126,756 | 138,698 |

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Mr. Acosta | | |
| - Salaries and compensation | 45,654 | 54,343 |
| - Health benefits | 2,005 | 1,940 |
| - Share-based compensation (share options) | 18,294 | 10,228 |
| - Share-based compensation (RSUs) | 2,917 | 10,939 |
| | 68,870 | 77,450 |
| Mr. Marr-Johnson | | |
| - Consulting fees | 29,500 | 132,000 |
| - Share-based compensation (share options) | 23,235 | 25,570 |
| - Share-based compensation (RSUs) | 5,470 | 20,511 |
| | 58,205 | 178,081 |
| | 253,831 | 394,229 |

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

(b) *Transactions with Other Related Parties*

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

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Consulting fees | | |
| - Etienne Walter | 15,084 | 23,978 |
| - Nick DeMare | 19,261 | 38,690 |
| - Mary Gilzean | 15,084 | 23,798 |
| Share-based compensation (share options) | | |
| - Etienne Walter | 17,058 | 6,393 |
| - Nick DeMare | 17,141 | 6,648 |
| - Mary Gilzean | 35,321 | 46,044 |
| Share-based compensation (RSUs) | | |
| - Etienne Walter | 1,276 | 4,786 |
| - Nick DeMare | 2,918 | 10,939 |
| - Mary Gilzean | 8,363 | 18,248 |
| | 131,506 | 179,524 |

As at December 31, 2023 $13,342 (2022 - $10,361) remained unpaid.

(ii) During fiscal 2023 the Company incurred a total of $56,604 (2022 - $58,092) to Chase Management Ltd. (“Chase”), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at December 31, 2023 $4,629 (2022 - $9,481) remained unpaid.

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

(c) During fiscal 2023 the Company incurred $32,386 (2022 - $31,241) for equipment rental services and $64,771 (2022 - $67,688) for professional services provided by Amlatminas S.A. (“Amlatminas”) a private corporation controlled by Mr. Salazar and Mr. Acosta. As at December 31, 2023 $77,509 (2022 - $79,373) remained unpaid.

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

(d) During fiscal 2023 the Company incurred $29,147 (2022 - $28,117) for storage rental provided by Agrosamex S.A. ("Agrosamex"), a private corporation controlled by the son of the President of the Company.

(e) During fiscal 2023 the Company incurred $110,651 (2022 - $91,119) for geological services provided by La Orquidea Lorsa S.A., a private corporation owned by the President and son of the President of the Company. As at December 31, 2023 $29,345 (2022 - $nil) remained unpaid.

(f) 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 April 29, 2024, there were 184,212,079 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.