SALAZAR RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2019

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

	Notes	March 31, 2019 $	December 31, 2018 $
ASSETS			
Current assets			
Cash		5,180,439	2,784,301
Restricted cash	5(a)	111,955	153,289
Amounts receivable	5	-	242,096
GST receivable		-	4,909
Prepaid expenses and deposits		577,516	563,781
Due from joint-venture partner	5(a)	371,150	670,726
Investments	3	-	2,856,088
Total current assets		6,241,060	7,275,190
Non-current assets			
Property, plant and equipment	4	730,075	821,525
Exploration and evaluation assets	5	14,987,046	15,312,844
Total non-current assets		15,717,121	16,134,369
TOTAL ASSETS		21,958,181	23,409,559
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		768,643	1,716,275
TOTAL LIABILITIES		768,643	1,716,275
SHAREHOLDERS' EQUITY			
Share capital	6	39,138,461	39,138,461
Share-based payments reserve		5,785,936	5,187,221
Deficit		(25,063,523)	(24,214,591)
Accumulated other comprehensive income		1,328,664	1,582,193
TOTAL SHAREHOLDERS' EQUITY		21,189,538	21,693,284
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		21,958,181	23,409,559

Commitments - see Note 8

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 30, 2019 and are signed on its behalf by:

*/s/ **Fredy Salazar***	*/s/ **Pablo Acosta***
Fredy Salazar	Pablo Acosta
Director	Director

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

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

	Note	Three Months Ended March 31 2019 $	Three Months Ended March 31 2018 $
Expenses			
Accounting and administration	7(b)(ii)	14,009	13,444
Audit		56,501	41,493
Consulting	7(b)(i)	45,879	23,544
Corporate development		11,534	15,692
Depreciation		50,859	25,873
Drill rig standby costs		298,860	-
General exploration		287,308	94,535
Legal		2,154	4,247
Office		41,328	22,221
Regulatory		4,669	2,275
Rent		10,098	8,104
Salaries, compensation and benefits	7(a)	173,689	131,929
Share-based compensation	6(d)	478,715	60,000
Shareholder costs		2,300	500
Transfer agent		1,053	2,435
Travel		18,448	2,704
Cost recoveries	5(a)	(282,494)	(534,015)
		1,214,910	(85,019)
(Loss) income before other items		(1,214,910)	85,019
Other items			
Interest income		22,094	3,756
Gain on property disposition	5(c)	-	85,550
Unrealized loss on investments		-	(870)
Gain on sale of investments		367,315	-
Foreign exchange		(23,431)	56,752
		365,978	145,188
Net (loss) income for the period		(848,932)	230,207
Other comprehensive (loss) income			
Change in currency translation of foreign subsidiaries		(253,529)	17,278
Comprehensive (loss) income for the period		(1,102,461)	247,485
Basic and diluted (loss) income per common share		$(0.03)	$0.00
Weighted average number of common shares outstanding		126,477,790	114,238,749

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

(Unaudited - Expressed in Canadian Dollars)

Three Months Ended March 31, 2019

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Foreign Currency Translation $	Deficit $	Total Equity $
Balance at December 31, 2018	126,477,790	39,138,461	5,187,221	1,582,193	(24,214,591)	21,693,284
Share-based compensation:						
- share options	-	-	478,715	-	-	478,715
- warrants	-	-	120,000	-	-	120,000
Currency translation adjustment	-	-	-	(253,529)	-	(253,529)
Net loss for the period	-	-	-	-	(848,932)	(848,932)
Balance at March 31, 2019	126,477,790	39,138,461	5,785,936	1,328,664	(25,063,523)	21,189,538

Three Months Ended March 31, 2018

	Share Capital						
	Number of Shares	Amount $	Share-Based Payments Reserve $	Foreign Currency Translation $	Investment Revaluation $	Deficit $	Total Equity $
Balance at December 31, 2017	114,153,606	37,659,558	5,127,221	-	(58,800)	(25,462,985)	17,264,994
Impact of adoption of IFRS 9 on January 1, 2018	-	-	-	-	58,800	(58,800)	-
Common shares issued for:							
- warrants exercised	550,675	66,081	-	-	-	-	66,081
Share-based compensation	-	-	60,000	-	-	-	60,000
Currency translation adjustment	-	-	-	523,808	-	-	523,808
Net income for the period	-	-	-	-	-	230,207	230,207
Balance at March 31, 2018	114,704,281	37,725,639	5,187,221	523,808	-	(25,291,578)	18,145,090

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

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

	Three Months Ended March 31, 2019 $	Three Months Ended March 31, 2018 $
Operating activities		
Net (loss) income for the period	(848,932)	230,207
Adjustments for:		
Depreciation	64,700	25,873
Unrealized loss on investments	-	870
Gain on sale of investments	(367,315)	-
Gain on property disposition	-	(85,550)
Share-based compensation	478,715	60,000
Changes in non-cash working capital items:		
Restricted cash	37,989	549,621
Amounts receivable	65,698	(157,943)
GST receivable	-	(23,290)
Prepaid expenses	(54,908)	(76,385)
Due from joint-venture partner	247,009	-
Accounts payable and accrued liabilities	(572,839)	164,389
Deferred recovery of exploration costs	-	(637,453)
Net cash (used in) provided by operating activities	(949,883)	50,339
Investing activities		
Exploration and evaluation assets expenditures, net of recoveries	(3,114)	(130,007)
Additions to property plant and equipment, net of recoveries	(658)	(83,820)
Proceeds from sale of investments	3,223,404	-
Net cash provided by (used in) investing activities	3,219,632	(213,827)
Financing activity		
Issuance of common shares	-	66,081
Net cash provided by financing activity	-	66,081
Effect of exchange rate changes on cash	126,389	34,551
Net change in cash	2,396,138	(62,856)
Cash at beginning of period	2,784,301	764,062
Cash at end of period	5,180,439	701,206

Supplemental Cash Flow Information - see Note 12

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

1. Nature of Operations

Salazar Resources Limited (the "Company") was incorporated on July 23, 1987 under the provisions of the Company Act (British Columbia). The Company's common shares are listed and trade on the TSX Venture Exchange ("TSXV") under the symbol "SRL" and on the Frankfurt Exchange under the symbol "CCG". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of mineral properties located in Latin America. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

The Company's mineral properties are located in Ecuador and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

The Company has negotiated a number of agreements to provide continued funding for exploration of its exploration and evaluation assets, as described in Note 5. As at March 31, 2019 the Company had working capital of $5,472,417 and an accumulated deficit of $25,063,523. Management considers that the Company has adequate resources to maintain its core operations and, with the financial support of its partner, conduct ongoing exploration programs on its existing exploration and evaluation assets for the next twelve months. However, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. 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.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended December 31, 2018 other than the adoption of IFRS 16 - *Leases* ("IFRS 16").

Adoption of New Accounting Standard - IFRS 16

Effective January 1, 2019 the Company adopted IFRS 16,. which replaces IAS 17 - *Leases* and its associated interpretative guidance. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

There was no significant impact on the Company's condensed consolidated interim financial statements upon the adoption of this new standard.

(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

Basis of Measurement

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

Comparative Figures

Certain of the prior period's comparative figures have been reclassified to conform with the current period's presentation.

3. Investments

During fiscal 2018 the Company received a total of 3,804,348 Adventus Zinc Corporation common shares (the "Adventus Shares") from the disposition of the Santiago Concession and Pijili Project. See also Note 5. During the three months ended March 31, 2019 the Company sold the Adventus Shares and 43,500 Batero Gold Corp. common shares for proceeds of $3,223,404 and recognized a gain on sale of $367,315.

As of March 31, 2019 the Company did not hold any investments.

4. Property, Plant and Equipment

	Land $	Drill Rigs and Equipment $	Total $
Cost:			
Balance at December 31, 2017	105,824	1,005,632	1,111,456
Additions	332,553	670,357	1,002,910
Cost recoveries (Note 5(a))	(300,221)	(123,665)	(423,886)
Foreign exchange movement	11,144	50,174	61,318
Balance at December 31, 2018	149,300	1,602,498	1,751,798
Additions	73,095	132,859	205,954
Disposal	-	(29,238)	(29,238)
Cost recoveries (Note 5(a))	(73,095)	(132,201)	(205,296)
Foreign exchange movement	(3,054)	(31,802)	(34,856)
Balance at March 31, 2019	146,246	1,542,116	1,688,362
Accumulated Depreciation and Impairment:			
Balance at December 31, 2017	-	(805,067)	(805,067)
Depreciation	-	(125,206)	(125,206)
Balance at December 31, 2018	-	(930,273)	(930,273)
Depreciation	-	(64,700)	(64,700)
Disposal	-	17,917	17,917
Foreign exchange movement	-	18,769	18,769
Balance at March 31, 2019	-	(958,287)	(958,287)
Carrying Value:			
Balance at December 31, 2018	149,300	672,225	821,525
Balance at March 31, 2019	146,246	583,829	730,075

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets

	Curipamba $	Exploration Alliance $	Other $	Total $
Balance at December 31, 2017	15,617,197	617,344	150,023	16,384,564
Additions	7,817,997	1,023,129	92,171	8,933,297
Cost recoveries	(9,643,505)	(1,557,137)	-	(11,200,642)
Advance payment	(325,250)	-	-	(325,250)
Foreign exchange movement	1,484,978	9,190	26,707	1,520,875
Balance at December 31, 2018	14,951,417	92,526	268,901	15,312,844
Additions	1,424,248	1,391,802	71,814	2,887,864
Cost recoveries	(1,570,349)	(1,314,401)	-	(2,884,750)
Foreign exchange movement	(321,149)	(1,987)	(5,776)	(328,912)
Balance at March 31 , 2019	14,484,167	167,940	334,939	14,987,046

The Company holds interests in the following properties in Ecuador:

(a) ***Curipamba Project***

The Company owns a 100% interest in seven concessions located in the provinces of Bolivar and Los Rios, Ecuador.

On April 5, 2016 the Company entered into a letter agreement to sell a 2% net smelter royalty ("NSR") in its Curipamba Project for US $4,750,000. On July 18, 2016 the Company and RCF VI SRL LLC ("RCF SRL"), an affiliate of Resources Capital Fund VI L.P., entered into a royalty agreement whereby the Company sold to RCF SRL an initial 1% NSR for $3,099,375 (US $2,375,000). On April 19, 2017 the Company closed on the sale of the remaining 1% NSR for a further $3,192,950 (US $2,375,000).

On September 14, 2017 the Company entered into a definitive option agreement (the "Curipamba Option") whereby Adventus Zinc Corporation ("Adventus") may earn (the "Earn-In") a 75% interest in the Company's Curipamba Project by funding costs on the Curipamba Project of US $25,000,000 over the next five years, including the completion of a feasibility study on the El Domo deposit, subject to certain exceptions. A feasibility study is expected to be completed within three years, after which Adventus is required to fund 100% of the development and construction expenditures to commercial production.

Adventus will provide the Company with non-refundable advance payments of US $250,000 per year until achievement of commercial production, to a maximum cumulative total of US $1,500,000. As at March 31, 2019 the Company has received total advance payments of US $500,000.

Upon achievement of commercial production, Adventus will receive 95% of the dividends from the Curipamba Project until its aggregate investment, including the US $25,000,000, has been recouped minus the approximate Company carrying value of US $18,200,000 when the Curipamba Option was signed, after which dividends will be shared on a pro-rata basis according to their respective ownership. In certain circumstances where project development is delayed post earn-in, Adventus' ownership position could be diluted.

Adventus has also agreed to pay the Company a 10% management fee on certain expenditures for the duration of the Curipamba Option, with a prescribed minimum annual amount of US $350,000 on each anniversary date. During the three months ended March 31, 2019 the Company earned $116,288 (fiscal 2018 - $662,265) in management fees and as at March 31, 2019 $nil (December 31, 2018 - $231,131) remained outstanding and was included in amounts receivable.

5. Exploration and Evaluation Assets (continued)

During the three months ended March 31, 2019 Adventus funded a total of $1,942,751 for costs incurred by the Company, of which $205,296 was applied against property, plant and equipment, $1,454,061 against exploration and evaluation assets and $282,494 as an expense recovery. As at March 31, 2019, a balance of $371,150 is due from the joint-venture partner and $111,955 remains in restricted cash.

During fiscal 2018 Adventus funded a total of $10,918,946 for costs incurred by the Company, of which $423,886 was applied against property, plant and equipment, $9,643,505 against exploration and evaluation assets and $851,555 as an expense recovery. As at December 31, 2018, a balance of $670,726 is due from the joint-venture partner and $153,289 remains in restricted cash.

Adventus has notified the Company that, as at March 31, 2019, Adventus has incurred or funded a total of US $11,883,628 (December 31, 2018 - US $10,074,012) towards the Earn-In.

Funding by Adventus is segregated in separate bank accounts and payments are disbursed as approved by Adventus.

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

(b) ***Exploration Alliance***

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

Dos Gemas

On February 19, 2018 the Company, Adventus and Minera Dos Gemas M2G S.A. ("Dos Gemas") entered into the definitive exploration alliance agreement (the "Exploration Alliance Agreement") to formalize the terms of the MOU. Dos Gemas is owned 80% by Adventus and 20% by the Company. As operator of the Alliance the Company will be paid a 10% operator's fee on all expenditures incurred, subject to an annual maximum fee of US $200,000 on costs pertaining to surface rights acquisitions. During the three months ended March 31, 2019 the Company earned $nil (fiscal 2018 - $29,998) in operator's fees and as at March 31, 2019 $nil (December 31, 2018 - $10,965) remained outstanding and was included in amounts receivable.

Pijili Project

In August 2017 the Company was awarded three concessions (the "Pijili Project"), located in the province of Azuay, Ecuador. On March 28, 2018 the Company, Adventus and Dos Gemas entered into a letter agreement whereby the Company has agreed to transfer the Pijili Project to Dos Gemas under the Alliance upon completion by Adventus of the following considerations:

(i) payment of US $150,000 cash, of which $129,320 (US $100,000) has been received by the Company as at December 31, 2018 and the remaining US $50,000 is due upon official transfer of the Pijili Project to the Alliance. During fiscal 2018 the Company applied the $129,320 received, as to $60,168 against exploration and evaluation assets on costs capitalized and the remaining $69,152 as a gain on property disposition;

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5. Exploration and Evaluation Assets (continued)

(ii) on July 17, 2018 the Company received 2,536,232 Adventus common shares at an ascribed value of $2,028,986, of which $426 was applied against evaluation and exploration assets on costs capitalized and the remaining $2,028,560 as a gain on property disposition; and

(iii) Adventus is also required to fully fund a US $1,000,000 exploration budget on the Pijili Project by September 28, 2020. Adventus has notified the Company that, as at March 31, 2019 it has incurred or funded a total of $1,924,240 (December 31, 2018 - US $1,259,325) towards the exploration budget.

The Company will officially transfer the Pijili Project to Dos Gemas after August 2019 due to a two year transfer restriction under the Ecuadorian Mining Law.

Santiago Concession

The Company holds a 100% interest in a concession (the "Santiago Concession") located in the province of Loja, Ecuador. On May 22, 2018 the Company, Adventus and Dos Gemas entered into an agreement whereby the Company has agreed to transfer the Santiago Project to Dos Gemas under the Alliance upon completion of the following considerations:

(i) payment of US $75,000 in cash to the Company, of which $64,365 (US $50,000) was during fiscal 2018 and the remaining US $25,000 is due upon official transfer of the Santiago Project to the Exploration Alliance;

(ii) on July 17, 2018 the Company received 1,268,116 Adventus common shares at an ascribed value of $1,014,492, resulting in a $428,758 gain on property disposition; and

(iii) Adventus is also required to fully fund a US $500,000 exploration budget on the Santiago Project by May 22, 2020. As at March 31, 2019 Adventus has funded US $628,637 (December 31, 2018 - US $154,339) towards the exploration budget.

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

(c) ***Other***

Macara Project

The Macara Project comprises two concessions as follows:

(i) On November 6, 2017 the Company entered into an option agreement with Edgar Orlando Torres Cunalata ("Torres") whereby the Company was granted an option (the "Macara Option") to acquire a 100% interest in one concession (the "Macara Concession") located in the province of Loja, Ecuador. Pursuant to the terms of the Macara Option the Company has agreed to make cash payments totalling US $600,000 (the "Option Proceeds"), as follows:

- US $100,000 on signing (paid);
- US $50,000 on November 6, 2018 (paid);
- US $50,000 on November 6, 2019;
- US $200,000 on the earlier of a NI43-101 resource calculation or November 6, 2021; and
- US $200,000 on the earlier of a preliminary economics assessment of November 21, 2024.

The Company is also required to incur US $142,000 minimum exploration expenditures on the Macara Concession over two years. Torres also retains a 0.5% NSR, which may be purchased by the Company for US $1,000,000 at any time.

Torres 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.

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

As at March 31, 2019 the Company has paid $nil (December 31, 2018 - $71,241) for the initial option payment and $3,016 (fiscal 2018 - $5,997) for concession payments on the Macara Concession.

(ii) In July 2017 the Company was awarded a concession (the "Bonanza Concession") located in the provinces of Loja and Tacamoros, Ecuador. As at March 31, 2019 the Company has incurred $19,885 (December 31, 2018 - $19,006) on the Bonanza Concession.

Ruminahui Project

The Company owns a 100% interest in two concessions (the "Ruminahui Project") located in the province of Pichincha, Ecuador. In prior years the Company has only made partial payments on these concessions. The Company can make applications to reduce the acreage of its concession holdings but, to date, no formal request has been made. In addition, no payment requests have been made by the Ecuador authorities for the unpaid amounts and the concessions have not been cancelled.

During fiscal 2015 the Company recorded an impairment charge of $610,893 to reduce the carrying value of the Ruminahui Project to a nominal amount of $1. During the three months ended March 31, 2019 the Company made total payments of $101,070 (fiscal 2018 - $28,514) in respect of past concession payments, which have been recorded as part of general exploration expense.

(d) See also Note 8.

6. Share Capital

(a) *Authorized Share Capital*

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

(b) *Equity Financings*

No financings were completed during the three months ended March 31, 2019 or fiscal 2018.

(c) *Warrants*

During the three months ended March 31, 2019 the Company issued share purchase warrants to Arlington Group Asset Management Limited to purchase 1,000,000 common shares at an exercise price of $0.12 per share, expiring February 16, 2024, for settlement of debt of $120,000 for services previously provided.

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at March 31, 2019 and 2018 and the changes for the three months ended on those dates is as follows:

	2019		2018	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	-	-	22,527,863	0.12
Issued	1,000,000	0.12		
Exercised	-	-	(550,675)	0.12
Balance, end of period	1,000,000	0.12	21,977,188	0.12

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

As at March 31, 2019 warrants to purchase 1,000,000 common shares at an exercise price of $0.12 per share, expiring February 16, 2024, were outstanding.

(d) *Share Option Plan*

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

During the three months ended March 31, 2019 the Company granted share options to purchase 5,472,000 (2018 - 600,000) common shares and recorded compensation expense of $478,715 (2018 - $60,000). The fair value of share options granted and vested is estimated using the Black-Scholes option pricing model using the following assumptions:

	2019	2018
Risk-free interest rate	1.79% - 1.89%	1.86%
Estimated volatility	100%	113%
Expected life	5 years	3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average measurement date fair value of all share options recognized during the three months ended March 31, 2019 was $0.09 (2018 - $0.10) per share option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at March 31, 2019 and 2018 and the changes for the three months ended on those dates, is as follows:

	2019		2018	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	7,175,000	0.14	6,700,000	0.14
Granted	5,472,000	0.13	600,000	0.14
Balance, end of period	12,647,000	0.14	7,300,000	0.14

The following table summarizes information about the share options outstanding and exercisable at March 31, 2019:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
6,575,000	6,575,000	0.14	December 1, 2021
600,000	600,000	0.14	January 15, 2022
1,000,000	250,000	0.12	January 25, 2024
4,472,000	4,472,000	0.135	February 14, 2024
12,647,000	11,897,000		

(Unaudited - Expressed in Canadian Dollars)

7. Related Party Disclosures

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

(a) *Compensation of Key Management Personnel*

During the three months ended March 31, 2019 and 2018 the following amounts were incurred with respect to the President and the Chief Financial Officer ("CFO") of the Company:

	2019 $	2018 $
Salaries	43,089	47,430
Health benefits	1,949	1,855
Share-based compensation	150,000	-
	195,038	49,285

As at March 31, 2019 $nil (December 31, 2018 - $7,912) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Other Related Party Transactions*

(i) During the three months ended March 31, 2019 and 2018 the following amounts were incurred with respect non-executive directors of the Company:

	2019 $	2018 $
Consulting	46,417	22,729
Share-based compensation	131,515	60,000
	177,932	82,729

As at March 31, 2019 $13,513 (December 31, 2018 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the three months ended March 31, 2019 the Company incurred a total of $14,009 (2018 - $13,444) to Chase Management Ltd. ("Chase"), a private corporation owned by a director of the Company, for accounting and administration services provided by Chase personnel, excluding the director. As at March 31, 2019 $4,677 (December 31, 2018 - $4,775) remained unpaid and has been included in accounts payable and accrued liabilities.

During the three months ended March 31, 2019 the Company also recorded $15,000 for share-based compensation for share options granted to Chase.

(iii) During the three months ended March 31, 2019 the Company incurred $39,073 (2018 - $7,589) for equipment rental services provided by a private corporation controlled by the President and the CFO of the Company. As at March 31, 2019 $nil (December 31, 2018 - $21,827) remained unpaid and has been included in accounts payable and accrued liabilities.

(iv) During the three months ended March 31, 2019 the Company incurred $1,994 (2018 - $nil) for storage rental provided by a private corporation controlled by the son of the President of the Company.

(Unaudited - Expressed in Canadian Dollars)

7. Related Party Disclosures (continued)

(v) During the three months ended March 31, 2019 the Company incurred $33,890 (2018 - $34,150) for geological services provided by private corporations controlled by the President and the Chief Financial Officer of the Company. As at March 31, 2019 $115,034 (December 31, 2018 - $117,436) remained unpaid and has been included in accounts payable and accrued liabilities.

(vii) See also Note 5(c).

(c) Certain of the expenses incurred by the Company with related parties and remuneration paid to Company personnel have been recovered from Adventus. See Note 5.

8. Commitments

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

(a) When applying for new concessions via the public tender process in Ecuador, the Company, either directly or under option agreement, presented its investment offers for each concession. The investment offer represents the total amount that is required to be spent in order to maintain possession of the concession area at the end of the four-year investment period required by the Government of Ecuador. Accordingly, should the Company wish to retain possession of all the concession areas it holds as at March 31, 2019, the Company's commitment is as follows:

	US $
Fiscal 2019	23,825
Fiscal 2020	47,650
Fiscal 2021	7,907,421
	7,978,896

(b) Concessions in Ecuador that were not acquired via the public tender process require the Company to submit an annual expenditure plan to the Government of Ecuador outlining the minimum amount of committed expenditures for the upcoming year. The total obligation of the Company for these concession areas for the fiscal 2019 is approximately US $1,783,000.

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

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

Financial Instrument	**Category**	**March 31, 2019 $**	**December 31, 2018 $**
Cash	FVTPL	5,180,439	2,784,301
Restricted cash	FVTPL	111,955	153,289
Amounts receivable	Amortized costs	-	242,096
Due from joint-venture partner	Amortized costs	371,150	670,726
Investment	FVTPL	-	2,856,088
Accounts payable and accrued liabilities	Amortized costs	(768,643)	(1,716,275)

(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

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

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

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

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

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

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

Credit Risk

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

Liquidity Risk

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

	Contractual Maturity Analysis at March 31, 2019				
	Less than 3 Months $	**3 - 12 Months $**	**1 - 5 Years $**	**Over 5 Years $**	**Total $**
Cash	5,180,439	-	-	-	5,180,439
Restricted cash	111,955	-	-	-	111,955
Due from joint-venture partner	371,150	-	-	-	371,150
Accounts payable and accrued liabilities	(768,643)	-	-	-	(768,643)

Market Risk

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

(a) Interest Rate Risk

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

9. Financial Instruments and Risk Management (continued)

(b) Foreign Currency Risk

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

The Company also maintains cash deposits in US Dollars with its Canadian bank. As such, the fluctuation of the Canadian Dollar in relation to the US Dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At March 31, 2019, 1 Canadian Dollar was equal to 0.75 US Dollar.

Balances are as follows:

	US $	CDN $ Equivalent
Cash	877,463	1,169,951
Restricted cash	83,780	111,955
Due to joint-venture partner	287,534	371,150
Accounts payable and accrued liabilities	(550,603)	(734,138)
	698,174	918,918

Based on the net exposures as of March 31, 2019 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's net loss being approximately $258,000 higher (or lower).

Capital Management

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

10. Supplemental Cash Flow Information

During the three months ended March 31, 2019 and 2018 non-cash activities were conducted by the Company as follows:

	2019 $	2018 $
Operating activity		
Accounts payable and accrued liabilities	120,000	-
Financing activity		
Share-based payments reserve	(120,000)	-

(Unaudited - Expressed in Canadian Dollars)

11. Segmented Information

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

	March 31, 2019		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	5,011,743	1,229,317	6,241,060
Property, plant and equipment	-	730,075	730,075
Exploration and evaluation assets	-	14,987,046	14,987,046
	5,011,743	16,946,438	21,958,181

	December 31, 2018		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	5,722,349	1,552,841	7,275,190
Property, plant and equipment	-	821,525	821,525
Exploration and evaluation assets	-	15,312,844	15,312,844
	5,722,349	17,687,210	23,409,559