

SALAZAR RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JUNE 30, 2024

This discussion and analysis of financial position and results of operation is prepared as at August 29, 2024 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2024 of Salazar Resources Limited (the "Company" or "Salazar"). The following disclosure and associated financial statements are presented in accordance with IFRS Accounting Standards. 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.

On July 31, 2024 Silvercorp Metals Inc. ("Silvercorp") completed its transaction to acquire all of the outstanding common shares of Adventus not already owned. Adventus is now a wholly-owned subsidiary of Silvercorp. This marks a significant milestone in the Company's growth trajectory and a commitment to advancing the El Domo deposit and its other JV properties in Ecuador.

This collaboration represents a key opportunity for both companies to leverage their respective strengths and resources to enhance exploration, development, and operational efficiencies in the mining sector. By combining Salazar's innovative approach and Silvercorp's extensive experience and technical expertise, this partnership is poised to drive substantial advancements and create significant value for shareholders and stakeholders alike.

The focus will be on exploring synergies across various projects and initiatives, with a particular emphasis on optimizing resource development and enhancing operational efficiency. Both companies are committed to advancing sustainable practices and maintaining the highest standards of environmental stewardship.

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. 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.

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 \$/g Ag
 - c. Copper Mineral (Cu/(Pb+Zn) >3.0): 57.83 \$/% Cu, 6.84 \$/g Au and 0.19 \$/g Ag
7. Bulk density interpolated on a block per block basis using assayed value, the correlation between measured density values and iron content, and base metal grade. The bulk densities range between 2.1 t/m³ and 4.6 t/m³
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 and Development

The Company's agreement with Adventus required Adventus to arrange all necessary financing in order to develop the El Domo property.

With the acquisition of Adventus by Silvercorp on July 31, 2024 the financial strength and stability of the joint venture had improved substantially. Silvercorp is the sole shareholder of Adventus and has a very strong balance sheet and substantial operational capabilities. In early August 2024, the Ministry of Energy and Mines of the Government of Ecuador ("MEM") issued a Resolution of Change of Phase for the El Domo-Curipamba Project (the "Project"). The Resolution of Change of Phase advances the legal status of the Project from the Economic Evaluation Phase to the Exploitation Phase and allows for the start of construction and subsequent operation of the mine. The Company expects that this change in project status plus the technical and financial strength of Silvercorp will 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., who was then the 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 – Regional Exploration

The 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. Additional drilling is required to test all the targets identified. There are no current plans for an exploratory drill program.

Exploration Alliance - Pijilí Project

The Pijilí project consists of five concessions totalling 3,254 hectares, three from the government tender in 2017 and two from the purchase of an artisanal mine. Pijilí is located in the province of Azuay, approximately 150 km from the major port city of Guayaquil. The Pijilí project is an untested epithermal gold-silver target, although there are opinions that there is a broader, larger scale porphyry target present. Between July 2020 and March 2021, a total of twelve drill holes has been completed on the Mercy concession totalling 7,031 metres, all of which hit porphyry-style copper-gold-molybdenum mineralization. Ten of the twelve drill holes intersected greater than 100 metres of porphyry mineralization ranging between 100 to 424 metres. One of the drill holes also intersected a high-grade, near-surface silver-tungsten zone. The wide-spaced exploration drilling has traced porphyry-style mineralization approximately 2 km from the artisanal mine site (see June 8, 2020 and October 26, 2020 news releases) northwest to the northern Mercy concession boundary. (See April 20, 2021 news release for maps and detailed drilling results). In 2022, it became known that a third party is in dispute with the Ministry of Energy and Mines of Ecuador on the title of two of the five concessions related to Pijilí. Management believes this is without merit and is confident that this will be resolved in due course. The matter remains unresolved and the Pijilí project is on care and maintenance.

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 work. (see June 15, 2020 news release for maps and historical drilling summary). The Santiago project is on care and maintenance.

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.

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 Cécica volcano-sedimentary Formation (known as the Lancones Formation in neighboring Peru), which is intruded by the Cretaceous-age Tangua 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.

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 March 31, 2024, 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 porphyritic intrusions, argillic and Ca-K alteration signatures, locally intense stockworks, and a siliceous lithocap. The main stockwork is hosted in porphyry and exhibits intense quartz veining with visible magnetite and molybdenite. The lithocap is estimated to be 60 m thick and several hundred meters wide. Artisanal mining has concentrated on sulphide-rich portions of the lithocap. Guides to the area demonstrated the gold content by sampling, crushing, and panning.

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

Highlights from Due Diligence sampling programme

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

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	

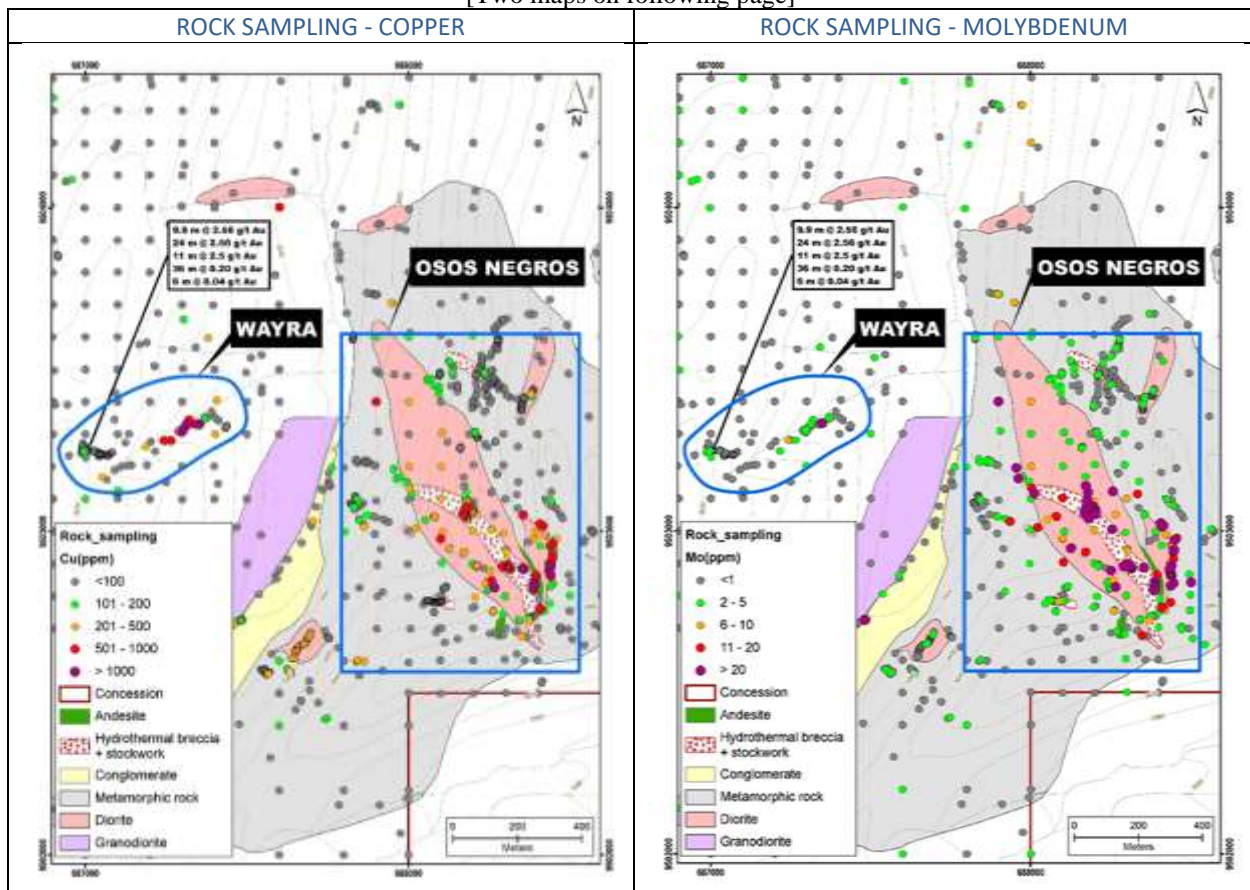
The geochemistry confirms the presence of copper-molybdenum porphyry mineralization. The geology indicates the apical to intermediate part of the system.

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.

[Two maps on following page]



Government Permits

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

Future Plans

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

Qualified Person

Kieran Downes, Ph.D., P.Geo., a Qualified Person (“QP”) as defined by National Instrument 43-101, is the Company’s QP for the Company’s “Investment in Associates” properties and wholly-owned properties and has reviewed and verified the technical information provided.

Selected Financial Data

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

Three Months Ended	Fiscal 2024		Fiscal 2023				Fiscal 2022	
	Jun. 30 2024 \$	Mar. 31 2024 \$	Dec. 31 2023 \$	Sep. 30 2023 \$	Jun. 30 2023 \$	Mar. 31 2023 \$	Dec. 31 2022 \$	Sep. 30 2022 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(1,114,923)	(592,917)	(648,950)	(481,410)	(1,089,779)	(960,831)	(1,294,324)	(858,435)
Other items	(29,057)	(34,653)	217,488	(3,863,290)	940,564	210,886	1,229,398	(2,187,622)
Net (loss) income	(1,143,980)	(627,570)	(431,462)	(4,344,700)	(149,215)	(749,945)	(64,926)	(3,046,057)
Other comprehensive (loss) income	82,491	198,613	(218,186)	95,997	(176,098)	(69,989)	2,810	653,547
Comprehensive (loss) income	(1,061,489)	(428,957)	(649,648)	(4,248,703)	(325,313)	(819,934)	(62,116)	(2,392,510)
Basic and diluted (loss) income per share	(0.01)	(0.00)	(0.01)	(0.02)	(0.00)	(0.00)	(0.00)	(0.02)
Balance Sheet:								
Working capital	1,735,747	809,032	1,335,748	1,896,453	2,544,890	2,599,246	3,207,921	996,236
Total assets	24,493,743	23,557,784	23,832,397	24,567,499	28,832,211	28,954,637	29,274,909	27,199,181
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	(136,601)	Nil

Results of Operations

Three Months Ended June 30, 2024 Compared to the Three Months Ended March 31, 2024

During the three months ended June 30, 2024 (“Q2”) the Company recorded a net loss of \$1,143,980 compared to a net loss of \$627,570 for the three months ended March 31, 2024 (“Q1”), an increase in loss of \$516,410. Significant fluctuations which occurred resulting in the net increase in loss from Q1 to Q2 are as follows:

- (i) an equity loss of \$118,627 in Q2 compared to an equity loss of \$54,823 in Q1, a variance of \$63,804;
- (ii) a \$625,805 increase in share-based compensation in Q2 from \$10,350 in Q1 to \$636,155 in Q2 on the granting and vesting of share options;
- (iii) during Q1 the Company recorded audit expenses of \$99,745 for the audit of the Company’s year-end financial statements compared to \$17,705 in Q2; and
- (iv) decrease of \$136,434 net drill losses from, \$207,089 in Q1 to \$70,655 in Q2.

Six Months ended June 30, 2024 Compared to the Six Months Ended June 30, 2023

During the six months ended June 30, 2024 (the “2024 period”) the Company reported a net loss of \$1,771,550 compared to a net loss of \$899,160 for the six months ended June 30, 2023 (the “2023 period”), an increase in loss of \$872,390. The fluctuation is attributed to the following:

- (a) a \$781,434 fluctuation in drill income, from drill income of \$865,999 in the 2023 period to drill income of \$84,565 during the 2024 period ;
- (b) a \$84,514 decrease in equity loss in Salazar Holdings from \$257,964 during the 2023 period compared to \$173,450 during the 2024 period;
- (c) a \$342,770 decrease in expenses, from \$2,050,610 during the 2023 period to \$1,707,840 during the 2024 period. Specific fluctuations in expenses are as follows:

- (i) incurred audit costs of \$136,000 during the 2023 period compared to \$117,450 during the 2024 period;
- (ii) recorded share-based compensation of \$646,505 during the 2024 period on the granting and vesting of share options and RSUs compared to \$368,174 during the 2023 period;
- (iii) incurred general exploration costs of \$210,407 during the 2024 period compared to \$250,757 in the 2023 period;
- (iv) a \$567,374 fluctuation in drill expenses, from drill expenses of \$929,683 in the 2023 period to drill expenses of \$363,309 in the 2024 period; and
- (v) recognition of insurance proceeds recovery of \$484,536 in the 2023 period from the loss of a drill rig due to fire.

Exploration and Evaluations Assets

During the 2024 period the Company incurred a total of \$432,458 (2023 - \$729,331) for exploration and evaluation assets.

Details of the exploration and acquisition expenditures for the 2024 period are as follows:

	Macara \$	El Potro \$	Total \$
Balance at December 31, 2023	<u>4,836,377</u>	<u>1,886,051</u>	<u>6,722,428</u>
Exploration costs			
Assay analysis	17,898	161	18,059
Camp supervision and personnel	-	14,967	14,967
Camp supplies	-	3,314	3,314
Community relations	-	3,314	3,314
Depreciation	7,185	227	7,412
Exploration site	76,529	60,366	136,895
Legal	-	9,327	9,327
Salaries	<u>125,860</u>	<u>71,292</u>	<u>197,152</u>
	<u>227,472</u>	<u>162,968</u>	<u>390,440</u>
Acquisition costs			
Property/concession/option payments	<u>27,332</u>	<u>14,686</u>	<u>42,018</u>
Other			
Foreign exchange movement	<u>150,511</u>	<u>61,009</u>	<u>211,520</u>
Balance at June 30, 2024	<u>5,241,692</u>	<u>2,124,714</u>	<u>7,366,406</u>

See also “Properties Update”.

Financing Activities

During the 2024 period the Company completed a non-brokered private placement financing and issued a total of 30,600,000 common shares for proceeds of \$1,530,000. See “Financial Condition / Capital Resources”.

During the 2023 period the Company completed the final tranche of a non-brokered private placement financing of common shares, at \$0.10 per share, and issued 3,685,210 common shares for \$368,521.

Financial Condition / Capital Resources

As at June 30, 2024 the Company had working capital of \$1,735,747. 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.

In August 2024 the Company completed a non-brokered private placement financing and issued 7,140,000 shares for gross proceeds of \$499,800. The proceeds will be used for working capital and exploration.

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 June 30, 2024, the Company's commitment for fiscal 2024 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 2024 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 the 2024 and 2023 period the following amounts were incurred with respect to the Company's President and CEO, Fredy Salazar, the CFO, Pablo Acosta and the Executive Vice-President Merlin Marr-Johnson:

	2024 \$	2023 \$
Mr. Salazar		
- Salaries and compensation	24,470	30,478
- Health benefits	-	2,495

	2024 \$	2023 \$
- Share-based compensation (share options)	122,010	54,348
- Share-based compensation (RSUs)	-	12,306
	<u>146,480</u>	<u>99,627</u>
Mr. Acosta		
- Salaries and compensation	19,573	22,613
- Health benefits	-	1,005
- Share-based compensation (share options)	30,618	17,877
- Share-based compensation (RSUs)	-	5,470
	<u>50,191</u>	<u>46,965</u>
Mr. Marr-Johnson		
- Consulting fees	4,500	36,000
- Share-based compensation (share options)	31,546	22,192
- Share-based compensation (RSUs)	-	10,256
	<u>36,046</u>	<u>68,448</u>
	<u>232,717</u>	<u>215,040</u>

As at June 30, 2024 \$3,750 (December 31, 2023 - \$13,250) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During the 2024 and 2023 period the following consulting expenses were incurred with respect to non-executive directors of the Company:

	2024 \$	2023 \$
Consulting fees		
- Etienne Walter	5,611	9,069
- Nick DeMare	6,114	13,134
- Mary Gilzean	6,128	9,069
Share-based compensation (share options)		
- Etienne Walter	30,387	16,798
- Nick DeMare	402	16,870
- Mary Gilzean	35,856	29,431
Share-based compensation (RSUs)		
- Etienne Walter	-	2,393
- Nick DeMare	-	5,470
- Mary Gilzean	-	9,124
	<u>84,498</u>	<u>111,358</u>

As at June 30, 2024 \$1,027 (December 31, 2023 - \$13,342) remained unpaid.

(ii) During the 2024 period the Company incurred a total of \$28,570 (2023 - \$28,289) 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 June 30, 2024 \$5,445 (December 31, 2023 - \$4,629) remained unpaid.

During the 2024 period the Company also recorded \$15,000 (2023 - \$6,300) share-based compensation for share options granted to Chase.

(c) During the 2024 period the Company incurred \$nil (2023 - \$16,170) for equipment rental services and \$38,001 (2023 - \$32,340) for professional services provided by La Orquidea Lorsa S.A., a private corporation controlled by the President of the Company. As at June 30, 2024 \$nil (December 31, 2023 - \$77,509) remained unpaid.

During the 2024 the Company also recorded \$42,000 (2023 - \$21,000) share-based compensation for share options granted to the private corporation controlled by the President of the Company

- (d) During the 2024 period the Company incurred \$14,673 (2023 - \$14,553) for storage rental provided by Agrosamex S.A. (“Agrosamex”), a private corporation controlled by the son of the President of the Company.
- (e) The Company holds an interest in the Macara Project pursuant to an agreement dated November 6, 2017 with an Ecuadorian individual (the “Macara Vendor”) whereby the Company was granted an option (the “Macara Option”) to acquire a 100% interest in one concession (the “Macara Concession”). The Macara Vendor is currently an employee of the Company however, at the time the Macara Vendor acquired the Macara concessions they were at arm’s length to the Company. See “Macara Project” for details of the agreement.

The Macara Vendor has entered into a participation agreement with an employee of the Company and the son of the Company’s President to share the option proceeds equally.

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

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

Outstanding Share Data

The Company’s authorized share capital is unlimited common shares with no par value. As at August 29, 2024, there were 223,859,254 issued and outstanding common shares, 1,114,320 share purchase warrants outstanding at an exercise price of \$0.35 per share, 18,294,413 share options outstanding at exercise prices ranging from \$0.10 to \$0.37 per share, and 763,000 restricted share units.