SALAZAR RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2025

This discussion and analysis of financial position and results of operation is prepared as at July 29, 2025 and should be read in conjunction with the audited consolidated financial statements for the fifteen months ended March 31, 2025 and the twelve months ended December 31, 2023 of Salazar Resources Limited (the "Company" or "Salazar"). The Company changed its fiscal year end from December 31st to March 31st effective March 31, 2025. As a result of this change, the Company's results include consolidated financial statements for the fifteen month period ended March 31, 2025, with comparative figures for the twelve month period ended December 31, 2023 and, accordingly, the results shown are not fully comparable. See also "Change in Fiscal Year-End". 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 has focused on the exploration and advancement towards development of resource properties in Ecuador. The Curipamba Project was the initial cornerstone project of the Company. In 2017 the Company completed an earn-in agreement with Adventus Mining Corporation ("Adventus") whereby Adventus could earn a 75% interest in the Curipamba Project by making cash payments, funding costs of US $25,000,000 and delivery of a feasibility study. On December 31, 2021 Adventus earned its interest and became a 75% shareholder of Salazar Holdings Ltd., the holding company for the Curipamba Project.

Upon achievement of commercial production, Adventus will receive 95% of the distributions from the Curipamba Project until its aggregate investment, including the US $25,000,000, minus the Company carrying value of US $19,800,000 when the Curipamba Option was signed, has been received after which distributions will be shared on a pro-rata basis according to their respective ownership. In December 2024 certain amendments were made to the Salazar Holdings Shareholders' Agreement to allow funding to be provided by Silvercorp with the terms of such funding to be in compliance with the Salazar Holdings Shareholders' Agreement.

In 2017 the Company and Adventus also entered into an exploration alliance agreement (the "Exploration Alliance") to jointly explore in Ecuador. The Exploration 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.

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.

Change of Year-End

In November 2024 the Company changed its fiscal year-end from December 31st to March 31st. The Company determined that a March 31st financial year-end is preferable as this change in year-end will synchronize the Company's financial reporting with that of Silvercorp, the Company's new partner at the Curipamba project. As a result, the Company will report on or before July 29, 2025, the audited financial results for a transitional financial period for the 15 months ending March 31, 2025, with comparative financial statements as at and for the year ended December 31, 2023. Thereafter, the Company will revert to a quarterly reporting calendar based on a March 31st financial year-end, with reporting periods ending on the last day of June, September, December and March each year.

Property Assets and Exploration Activities

Investment in Associate - Curipamba Project

On July 31, 2024, with the completion of Silvercorp's acquisition of Adventus, Silvercorp became the Company's joint venture partner, holding a 75% indirect interest in Salazar Holdings Ltd. ("Salazar Holdings"). The principal asset of Salazar Holdings remains the El Domo Project. This marks a significant milestone in the Company's growth trajectory and a commitment to advancing the El Domo deposit.

The El Domo Project is a permitted, pre-construction stage copper-gold project, now 75% owned by Silvercorp and 25% owned by the Company. The El Domo Project is located in central Ecuador, approximately 150 km northeast of the major port city of Guayaquil (about a three hour drive). The El Domo Project spans low-lying hills and plains between 300 to 900 m above sea level.

In order to develop the El Domo Project, Adventus entered into a precious metals purchase agreement ("PMPA") with Wheaton Precious Metals International Ltd. ("Wheaton"). The PMPA provided Adventus with access to an upfront cash consideration of $175,500,000 and a $5,000,000 equity commitment. Of this, $13,000,000 was made available as an early deposit (the "Early Deposit") for pre-construction activities, and $500,000 for local community development initiatives (the "ESG Deposit") prior to production. The remainder will be available in four installments during construction, subject to certain customary conditions precedent being satisfied.

Under the PMPA, Wheaton will purchase 50% of the payable gold production until 145,000 ounces have been delivered, thereafter dropping to 33% for the life of mine; and 75% of the payable silver production until 4,600,000 ounces have been delivered, thereafter dropping to 50% for the life of mine.

Wheaton will make ongoing payments for the gold and silver ounces delivered equal to 18% of the spot prices ("Production Payment") until the value of gold and silver delivered less the Production Payment is equal to the upfront consideration of $175,500,000 at which point the Production Payment will increase to 22% of the spot prices.

As at September 30, 2024, Wheaton had advanced Adventus a total of $13,250,000, being the $13,000,000 as Early Deposit and $250,000 as ESG Deposit to support the training programs for members of the communities. Pursuant to the terms of the PMPA, Adventus was required to deliver approximately 92.3 ounces of gold to Wheaton monthly until the development of El Domo reaches certain milestones or the deposits will be repaid. On November 12, 2024, Silvercorp announced the repayment of the funds previously drawn by Adventus from Wheaton under the PMPA. As a result of the repayment, the PMPA's full US $175,500,000 cash contribution will be available to be drawn by Silvercorp during construction, subject to certain conditions.

In June 2024, an action seeking to void the environmental license of the El Domo Project was brought in the local court in Las Naves Canton, Bolívar Province, Ecuador (the "Court") by a group of plaintiffs alleging defects in the environmental consultation process for the El Domo Project. The Court rejected the litigation on July 24, 2024 ruling that the Ecuadorean government correctly discharged its environmental consultation obligations prior to issuing an environmental license for the El Domo Project. The plaintiffs filed an appeal to the provincial court, and the Appeal was heard by the provincial court of Bolívar Province on October 17, 2024. On November 12, 2024, the Provincial Court of Bolivar dismissed the appeal filed by the plaintiffs in respect of the Curipamba-El Domo constitutional protective action, affirming the rights of Silvercorp's Ecuadorian subsidiary, Curimining SA, to continue construction of the project. The court dismissed the appeal and affirmed the lower court decision that the Ministry of Environment, Water and Ecological Transition of Ecuador ("MAATE") correctly discharged its environmental consultation obligations prior to issuing an environmental licence for the project. MAATE was supported by the Attorney General's Office, Curimining (as an interested third party) and over 800 individuals who participated in the process as additional supporting third parties.

With the acquisition of Adventus by Silvercorp, a proven mine operator is now managing the project and has taken decisive initial steps. Since the Adventus acquisition, Silvercorp has made substantial progress in advancing the El Domo Project, highlights included:

(a) Streamlined the Ecuadorian Operations: Optimized the organization chart by moving the management team and personnel to the El Domo project site from the Quito office.

(b) Continued Community Engagement: Maintained open lines of communication with local communities and government representatives, keeping them informed of changes in the project ownership and leadership, as well as on construction plans.

(c) Advanced Detailed Engineering:

    (i) reviewed the previous technical work, including interviewing all consulting firms to confirm all previous studies and detailed engineering designs for optimization;
    (ii) optimized design with Klohn Crippen Berger ("KCB") for the Tailing Storage Facilities ("TSF"), starter dam and impound area, Saprolite Waste Dump ("SWD"), and non-contact water channels;
    (iii) selected a new site for the process plant so that its preparation will provide the required non-acid generating rocks for the construction of the starter dam of the TSF, while minimizing trucking distances;
    (iv) optimized open pit mine design for mining, stripping, and scheduling, and coordinated the mining schedule with ongoing tailings dam raises using stripped waste rock;
    (v) commenced metallurgical test work on selective flotation - potentially leading to higher recoveries and improved payabilities; and

(vi) started Detailed Engineering Design ("EP") for the process plant, including engaging a consulting engineer, equipment selection, purchasing and detailed engineering drawings.

(d) Advanced Project Infrastructure:

(i) optimized designs for a new public bypass road and internal operational haul roads;
(ii) executed a powerline contract with the Ecuadorian state-owned power company ("CNEL EP"). The construction contractor will be selected once the updated engineering design is completed; and
(iii) commenced permitting for standby diesel power generation for the dry season, as climate change has impacted the power supply situation in Ecuador.

(e) Produced Project Materials Balance: including total cubic metres of cutting, filling, cement, and amount of high-density polyethylene material, and bill of quantities for the major construction projects of the mine and process plant, which are divided into three bidding packages:

(i) Bid Package 1: Construction of temporary camp, TSF to starter dam phase, SWD, non-contact water channels, internal haul roads, and preparation of the process plant site and permanent camp site;
(ii) Bid Package 2: Mining, stripping and ongoing tailings dam raises using stripped waste rocks; and
(iii) Bid Package 3: Construction of the process plant, tailings discharge and back water systems, water treatment plants, permanent camp, and other site infrastructure.

(f) Adopted "Unit Cost" Criteria (as compared to "Open Book") for potential contractors to bid on the three construction packages outlined above. For example, "Unit Cost" for blasting or cutting one cubic metre of rock or saprolite, then loaded and trucked to, within two kilometres, includes all personnel and management costs, plus any profit contractor intends to have for the work. Monthly total payments will be based on measured cubic metres of cutting.

(g) Awarded the Bid Package 1 commercial contract to CCRC 14 Bureau Group Co. Ltd. ("CCRC 14") after a bidding process from three mining contractors with operation at Ecuadorian mining or construction sites.

CCRC 14 has a regional headquarter in Quito and over ten years operating experience in Ecuador building infrastructure in open pit mines and in the heavy civil construction sectors. CCRC 14 is currently at the El Domo Project to work on the access road and site preparation for the temporary camp construction.

Silvercorp has not yet provided further updates on the timing to award Package 2 and Package 3 as well as definitive date for production start up.

Total direct property expenditures incurred by Silvercorp, since the Adventus acquisition at the El Domo Project, to June 30, 2025 were approximately US $10,000,000. In addition to direct expenditures there are substantial other indirect costs.

Investment in Associate - Exploration Alliance

In December 2024 the Company was advised by Silvercorp that it wished to abandon all exploration assets held in the Exploration Alliance, initially established with Adventus, and focus on completing construction at El Domo and initiating mining operations.

In December 2024 the Company executed a binding Letter Agreement (the "Silvercorp LOI") for the purchase, from Silvercorp, of certain exploration assets in Ecuador (the "Transactions"). The parties are working diligently to complete the necessary documentation to finalize the Transaction.

Under the terms of the Silvercorp LOI, the key terms of which are outlined below, Silvercorp will transfer the shares of various Ecuadorian subsidiaries to Salazar, which companies hold the following mineral exploration properties in exchange for net smelter return ("NSR") royalties in such properties:

(i) the portion of the Santiago Project Silvercorp owns to the Company in exchange for a 1.5% NSR royalty on the entire project, subject to a $3,000,000 repurchase option;

(ii) the portion of the Pijilí Project Silvercorp owns to the Company in exchange for a 1.5% NSR royalty on the entire project, subject to an option to repurchase 1% NSR royalty on the project in exchange for $1,000,000.

Investment in Associate - Other Acquisitions

In conjunction with the acquisition of the Pijili and Santiago projects, the Company has also agreed to acquire from Silvercorp the Tarqui and La Canela projects. Details of agreed terms are:

(i) the Tarqui Project in exchange for a 1.5% NSR on the entire project, subject to an option to repurchase 1% NSR on the project in exchange for $1,000,000; and
(ii) the Quimi Project in exchange for a 1.5% NSR royalty on the project, subject to an option to repurchase 1% NSR royalty on the project in exchange for $1,000,000.

Work is ongoing to finalize an acquisition agreement. There will be one agreement for the acquisition of these projects as well as the Pijili and Santiago projects.

Investment in Associate - Los Santos Concession

On December 8, 2020 the Company entered into a binding letter of intent (the "Los Santos LOI") with Minera Mesaloma S.A. ("Mesaloma") whereby the Company may acquire a 100% interest in the 2,215 hectares Los Santos Concession, in southwest Ecuador located approximately 10 km northeast of Los Osos.

On November 24, 2021, as amended July 16, 2022, 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. The Company made an initial payment of US $150,000 and earned an initial 21% interest. The Company could earn the remaining 69% interest by making further option payments totalling US $1,800,000.

In fiscal 2023 the Company reviewed its ongoing investment in the Los Santos Concession and determined to record an impairment of $2,474,365 for all amounts incurred to its earn-in. 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 $400,000 and agreed to make an additional cash payment of US $200,000 (the "Final Option Payment") on completion of a preliminary economics assessment or November 21, 2024 (collectively the "Option Proceeds"). As at March 31, 2025 the Final Option Payment remains unpaid and no notice of default and been delivered by the Macara Vendor to the Company while the parties are re-negotiating the terms of payment. Subsequent to March 31, 2025 the Company paid US $55,000 as a payment on account of the final option payment.

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

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

(ii) In July 2017 the Company was awarded a concession (the "Bonanza Concession), located in the provinces of Loja and Tacamoros, Ecuador.

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

Los Osos Concession

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

On March 21, 2019 the Company entered into an option agreement with an Ecuadorian individual (the "Los Osos Vendor"), whereby the Company has been granted the option to acquire up to a 100% interest in one mineral concession ("Los Osos Concession") located in the province of El Oro, Ecuador. As at December 31, 2023 the Company had paid option payments totalling US $180,019 to earn a 75% interest in the Los Osos Concession and a final option payment of US $69,981 (the "Final Payment") to earn the remaining 25% interest was originally due on March 21, 2023. Although the option agreement was not terminated, due to the uncertainty of the fulfillment of the Final Payment the Company determined to record an impairment charge of $1,605,532 in fiscal 2023 for all costs capitalized. In June 2024 the Los Osos Vendor and the Company agreed to settle the Final Payment through the issuance of 1,207,175 common shares of the Company at $0.08 per share, with the amount expensed to general exploration expense. As of the date of this MD&A the Company now owns 100% of the Los Osos Concession.

The Los Osos Vendor also retains a 1% NSR, which may be purchased by the Company for US $1,000,000 at any time. The Company continues to maintain the concession.

El Potro Concession

On August 30, 2021 the Company entered into an option to purchase agreement whereby the Company was granted the mineral title (the "El Potro Concession") located in the province of Loja, Ecuador. Pursuant to the option agreement the Company had paid a total of US $200,000 and was to make additional cash payments totalling US $950,000, with a US $150,000 payment due on August 30, 2024. During the fifteen months ended March 31, 2025 the Company determined not to continue making option payments on the El Potro Concession and, accordingly, the option agreement was terminated and the Company recorded an $2,143,748 impairment charge for all capitalized costs related to the El Potro Concession.

Ruminahui Project

The Rumiñahui Project comprises two concessions located in the province of Pichincha, Ecuador During fiscal 2022 management assessed additional geological and transactional opportunities for the Rumiñahui Project. The conclusion was that management determined to record an impairment charge for all costs capitalized to the Rumiñahui Project.

As of the date of this MD&A the Company maintains 100% ownership of the Ruminahui Project.

Other

As of the date of this MD&A the Company continues in its efforts to identify and acquire other projects in Ecuador and the Company has filed applications to acquire additional exploration concessions. The Company awaits granting of these concessions by government authorities.

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 consolidated financial information is derived from the audited consolidated financial statements prepared in accordance with IFRS. Due to the change in year end for the Company, the following information includes the 12 month periods for the years ended December 31, 2022 and 2023 and the 15 month period ended March 31, 2025.

	Fifteen Months Ended March 31	Twelve Months Ended December 31,	Twelve Months Ended December 31,
	2025 $	2023 $	2022 $
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(3,538,192)	(3,180,970)	(3,312,513)
Other items	(1,994,424)	(2,494,352)	(592,273)
Net loss	(5,532,616)	(5,675,322)	(3,904,786)
Other comprehensive income (loss)	659,957	(368,276)	867,304
Comprehensive income (loss)	(4,872,659)	(6,043,598)	(3,037,482)
Basic and diluted loss per share	(0.03)	(0.03)	(0.03)
Balance Sheet:			
Working capital	2,149,782	1,335,748	3,207,921
Total assets	23,382,645	23,832,397	29,274,909
Total long-term liabilities	Nil	Nil	Nil

Fifteen Months Ended March 31, 2025

During the fifteen months ended March 31, 2025 (the "2025 period") the Company incurred a net loss of $5,532,616 as compared to a net loss of $5,675,322 for the twelve months ended December 31, 2023 ("fiscal 2023"). The March 31, 2025 results cover a period of fifteen months and the December 31, 2023 results, a period of twelve months. The main expense items incurred were drill and other service expenses, share-based compensation and impairment of exploration and evaluation assets. Other than drill and other service costs these items do not vary based on time period. Excluding these costs the expenses were $1,643,061 for the 2025 period compared to $1,198,432 for fiscal 2023. The expenses per month, excluding above mentioned costs, were about $104,000 in the 2025 period versus about $100,000 in the fiscal 2023. The majority of costs shown as other items, in both the 2025 period and fiscal 2023, were for impairment charges.

Fiscal 2023

During fiscal 2023 the Company incurred a net loss of $5,675,322 as compared to $3,904,786 in fiscal 2022. A number of factors contributed to the increase in net loss of $1,770,536 for 2023. The Company fully impaired its investment in Santos Resources Ltd. through which the Company was earning up to a 100% interest in the Los Santos concession. The results from work programs did not justify maintaining the option. The loss on impairment was $2,474,365.

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

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

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

During fiscal 2023 the Company made efforts to cut back expenditures due to a decrease in cash resources. Corporate development costs decreased by $117,523, community relations decreased by $123,789 and director and officer compensation decreased by $164,496. General exploration, primarily geared to the new resource properties increased by $291,230.

Fiscal 2022

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

Quarterly Financial Information

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

	Fiscal 2025					**Fiscal 2023**			
Three Months Ended	**Mar. 31 2025 $**	**Dec. 31 2024 $**	**Sep. 30 2024 $**	**Jun. 30 2024 $**	**Mar. 31 2024 $**	**Dec. 31 2023 $**	**Sep. 30 2023 $**	**Jun. 30 2023 $**	**Mar. 31 2023 $**
Operations:									
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(833,819)	(480,301)	(516,232)	(1,114,923)	(592,917)	(648,950)	(481,410)	(1,089,779)	(960,831)
Other items	(62,243)	91,449	(1,959,920)	(29,057)	(34,653)	217,488	(3,863,290)	940,564	210,886
Net loss	(896,062)	(388,852)	(2,476,152)	(1,143,980)	(627,570)	(431,462)	(4,344,700)	(149,215)	(749,945)
Other comprehensive (loss) income	117,895	366,473	(105,515)	82,491	198,613	(218,186)	95,997	(176,098)	(69,989)
Comprehensive loss	(778,167)	(22,379)	(2,581,667)	(1,061,489)	(428,957)	(649,648)	(4,248,703)	(325,313)	(819,934)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)	(0.02)	(0.00)	(0.00)
Balance Sheet:									
Working capital	2,149,782	1,158,236	1,737,287	1,735,747	809,032	1,335,748	1,896,453	2,544,890	2,599,246
Total assets	23,382,645	22,384,301	22,581,100	24,493,743	23,557,784	23,832,397	24,567,499	28,832,211	28,954,637
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended March 31, 2025 Compared to the Three Months Ended December 31, 2024

During the three months ended March 31, 2025 (Q5) the Company recorded a net loss of $896,062 compared to a net loss of $388,852 for the three months ended December 31, 2024 ("Q4"), an increase in loss of $507,210 primarily due to the following:

(i) a $353,518 increase in expenses, from $480,301 during Q4 to $833,819 during Q5 mainly in general exploration, share-based compensation and drill and other services expenses; and

(ii) recognition of equity loss in associated company in Q5 of $225,636 compared to equity income of $75,694 in Q4 .

The above amounts were partially offset by other income of $180,874 recorded in Q5 compared to $nil in Q4.

Three Months Ended March 31, 2025 Compared to the Three Months Ended December 31, 2023

During the three months ended March 31, 2025 (Q5/2025) the Company recorded a net loss of $896,062 compared to a net loss of $431,462 for the three months ended December 31, 2023 ("Q4/2023"), an increase in loss of $464,600 primarily due to the following:

(i) a $184,869 increase in expenses, from $648,950 during Q4/2023 to $833,819 during Q5/2025 mainly in general exploration and share-based compensation; and
(ii) recognition of equity loss in associated company in Q5 of $225,636 compared to equity income of $106,659 in Q4/2023.

Fifteen Months ended March 31, 2025 Compared to the Twelve Months Ended December 31, 2023

During the fifteen months ended March 31, 2025 (the "2025 period") the Company reported a net loss of $5,532,616 compared to a net loss of $5,675,322 for the twelve months ended December 31, 2023 ("fiscal 2023"), a decrease in loss of $142,706. The fluctuation is attributed to the following:

(a) recorded a $2,474,365 impairment in investment in associate company (Los Santos Concession) during fiscal 2023 compared to $nil in the 2025 period;
(b) recorded impairment of exploration and evaluation assets of $2,143,748 during the 2025 period compared to $1,605,532 in fiscal 2023;
(c) a $633,587 fluctuation in drill and other services income from $941,295 in fiscal 2023 to $307,708 during the 2025 period;
(d) a $111,377 increase in equity loss in associated company from $257,691 during fiscal 2023 compared $369,068 during the 2025 period;
(e) recognition of insurance proceeds recovery of $482,436 in fiscal 2023 from the loss of a drill rig due to fire;
(f) a $357,222 increase in expenses, from $3,180,970 during fiscal 2023 to $3,538,192 during the 2025 period. Specific fluctuations in expenses are as follows:

    (i) recorded share-based compensation of $722,065 during the 2025 period on the granting and vesting of share options and RSUs compared to $352,930 during fiscal 2023;
    (ii) a $456,542 decrease in drill and other services expenses, from $1,629,608 in fiscal 2023 to $1,173,066 in the 2025 period; and
    (iii) recorded consulting and professional fees of $25,568 in the $2025 period compared to $500 in fiscal 2023. During the 2025 period the Company engaged consultants for corporate advisory services.

Exploration and Evaluations Assets

During the 2025 period the Company incurred a total of $1,115,610 (fiscal 2023 - $1,214,501) for exploration and evaluation assets.

Details of the exploration and acquisition expenditures for the 2025 period are as follows:

	Macara $	El Potro $	Other $	Total $
Balance at December 31, 2023	4,836,377	1,886,051	-	6,722,428
Exploration costs				
Assay analysis	53,671	161	-	53,832
Camp supervision and personnel	-	14,967	-	14,967
Camp supplies	-	3,314	-	3,314
Community relations	-	3,314	-	3,314
Depreciation	17,449	227	-	17,676
Environmental studies	11,094	-	-	11,094
Exploration site	205,437	60,865	-	266,302

	Macara $	El Potro $	Other $	Total $
Legal	-	9,327	-	9,327
Salaries	368,759	98,556	-	467,315
	656,410	190,731	-	847,141
Acquisition costs				
Property/concession/option payments	56,402	14,686	-	71,088
Deposits	-	-	197,381	197,381
	56,402	14,686	197,381	268,469
Other				
Foreign exchange movement	397,099	52,280	-	449,379
Impairment provision	-	(2,143,748)	-	(2,143,748)
Balance at March 31, 2025	5,946,288	-	197,381	6,143,669

See also "Properties Update".

Financing Activities

During the 2025 period the Company completed non-brokered private placement financings as follows:

(i) in April 2024 the Company issued a total of 30,600,000 common shares at $0.05 per share, for proceeds of $1,530,000;
(ii) in August 2024 the Company issued a total of 7,140,000 common shares at $0.07 per share, for proceeds of $499,800; and
(iii) in January 2025 the Company issued 25,000,000 common shares at $0.07 per share, for gross proceeds of $1,750,000.

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

Financial Condition / Capital Resources

As at March 31, 2025 the Company had working capital of $2,149,782. 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.

Mining Inspection Fee

In June 2025 the Ecuadorian Control and Regulation Agency ("ARCOM") introduce a new mining inspection fee. The stated objective of this fee is to strengthen oversight and combat illegal mining activities. This fee is to be applied to all mining operations, except for artisanal mining, with the aim of generating funds to support enforcement efforts.

As presented, the proposed fee would require the Company to pay approximately US$332,000 for its current concessions, of which US $47,000 was due, subject to possible change, in June 2025 and US $285,000 due in January 2026. A significantly higher fee will be incurred on the completion of the purchase of exploration properties from Silvercorp, or on any new licences granted to Salazar.

The Company is collaborating with various chambers and associations in the Ecuadorian mining sector and all other mining/exploration companies in Ecuador, to ensure that relevant authorities understand the damage that this fee will do to the Ecuadorian Mining Industry and to the reputation of the Country as an investment destination. The ARCOM resolution places an unsustainable cost burden on companies operating within the sector and undermines confidence in Ecuador's regulatory consistency and commitment to mining development.

The Company has reached out to the Ecuadorian Government at the highest levels and will continue in discussions with the Mining Chamber of Ecuador and the Company's respective legal counsels as joint industry efforts are taking place to rescind this regulation. The Company will assess options for further courses of action.

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 March 31, 2025 audited 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 March 31, 2025 audited 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 2025 period and fiscal 2023 the following amounts were incurred with respect to the Company's President and CEO, Fredy Salazar, the CFO, Pablo Acosta and the former Executive Vice-President Merlin Marr-Johnson:

	2025 $	2023 $
Mr. Salazar		
- Salaries and compensation	100,441	59,503
- Health benefits	1,858	4,983
- Share-based compensation (share options)	122,010	55,706
- Share-based compensation (RSUs)	-	6,564
	224,309	126,756
Mr. Acosta		
- Salaries and compensation	57,429	45,654
- Health benefits	1,248	2,005
- Share-based compensation (share options)	30,618	18,294
- Share-based compensation (RSUs)	-	2,917
	89,295	68,870

	2025 $	2023 $
Mr. Marr-Johnson [1]		
- Consulting fees	-	29,500
- Share-based compensation (share options)	-	23,235
- Share-based compensation (RSUs)	-	5,470
	-	58,205
	313,604	253,831

(1) Mr. Marr-Johnson stepped-down as Executive Vice President on February 17, 2023 but remains a director.

As at March 31, 2025 $2,156 (December 31, 2023 - $13,250) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During the 2025 period and fiscal 2023 the following consulting expenses were incurred with respect to non-executive directors of the Company:

	2025 $	2023 $
Consulting fees		
- Etienne Walter	5,611	15,084
- Nick DeMare	19,132	19,261
- Mr. Marr-Johnson	11,250	-
- Jennifer Wu[1]	8,641	-
- Mary Gilzean[2]	6,128	15,084
- Freddy Salazar[3]	14,725	-
Share-based compensation (share options)		
- Etienne Walter	403	17,058
- Nick DeMare	30,387	17,141
- Mr. Marr-Johnson	31,546	-
- Mary Gilzean	35,856	35,321
- Freddy Salazar	75,560	
Share-based compensation (RSUs)		
- Etienne Walter	-	1,276
- Nick DeMare	-	2,918
- Mr. Marr-Johnson	-	-
- Mary Gilzean	-	8,363
	239,239	131,506

(1) Ms. Wu was appointed as a director on July 26, 2024.
(2) Ms. Gilzean resigned as a director on July 22, 2024.
(3) Mr. Salazar Jr. was appointed corporate secretary on June 19, 2024.

As at March 31, 2025 $4,500 (December 31, 2023 - $13,342) remained unpaid.

(ii) During the 2025 period the Company incurred a total of $73,258 (fiscal 2023 - $56,604) 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 March 31, 2025 $nil (December 31, 2023 - $4,629) remained unpaid.

During the 2025 period the Company also recorded $15,000 (fiscal 2023 - $6,300) share-based compensation for share options granted to Chase.

(c) During the 2025 period the Company incurred $nil (fiscal 2023 - $32,386) for equipment rental services and $146,396 (2023 - $175,422) for professional services provided by La Orquidea Lorsa S.A., a private corporation controlled by the President of the Company. As at March 31, 2025 $nil (December 31, 2023 - $106,854) remained unpaid.

During the 2025 period the Company also recorded $42,000 (fiscal 2023 - $21,000) share-based compensation for share options granted to the private corporation controlled by the President of the Company

(d) During the 2025 period the Company incurred $37,441 (fiscal 2023 - $29,147) for storage facility provided by Agrosamex S.A. ("Agrosamex"), a private corporation controlled by family members of the President of the Company. As at March 31, 2025 $4,891 (December 31, 2023 - $nil) remained unpaid.

(e) During the 2025 period the Company incurred $32,588 (fiscal 2023 - $nil) for consulting services provided by a private corporation controlled by the CFO of the Company.

(f) During the 2025 period the Company paid $24,961 (fiscal 2023 - $nil) to an unregistered foundation of which a director of the foundation is a family member of the President of the Company, to fund ongoing community costs in Ecuador. During 2025 period the Company also recorded $19,764 (fiscal 2023 - $12,000) share-based compensation for share options granted to the foundation.

(g) During the 2025 period directors, officers and the spouse of a director of the Company purchased a total of 15,831,697 common shares.

(h) During the fifteen months ended March 31, 2025 the Company advanced a total of $35,846 to a private corporation controlled by the President of the Company. The advances were non-interest bearing and without fixed terms of repayment and remained unpaid as at March 31, 2025.

(i) 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 July 29, 2025, there were 248,859,254 issued and outstanding common shares, 1,114,320 share purchase warrants outstanding at an exercise price of $0.35 per share, 18,083,413 share options outstanding at exercise prices ranging from $0.07 to $0.29 per share, and 763,000 restricted share units.