SALAZAR RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2018

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

SALAZAR RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

	Notes	September 30, 2018 $	December 31, 2017 $
ASSETS			
Current assets			
Cash		2,417,489	764,062
Restricted cash	5(a)	216,178	719,435
Amounts receivable	5(a)	448,220	105,810
GST receivable		-	15,281
Prepaid expenses		324,042	71,286
Investments	3	4,187,610	4,350
Non-current assets		7,593,539	1,680,224
Property, plant and equipment	4	294,671	306,389
Exploration and evaluation assets	5	16,040,631	16,384,564
Deposit		100,000	-
Total non-current assets		16,435,302	16,690,953
TOTAL ASSETS		24,028,841	18,371,177
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		882,268	490,895
Deferred recovery of exploration costs	5(a)	20,714	615,288
TOTAL LIABILITIES		902,982	1,106,183
SHAREHOLDERS' EQUITY			
Share capital	6	39,138,461	37,659,558
Share-based payments reserve		5,187,221	5,127,221
Deficit		(21,199,823)	(25,462,985)
Accumulated other comprehensive loss		-	(58,800)
TOTAL SHAREHOLDERS' EQUITY		23,125,859	17,264,994
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		24,028,841	18,371,177

Commitments - see Note 8.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on November 29, 2018 and are signed on its behalf by:

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

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

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

	Note	Three Months Ended September 30 2018 $	Three Months Ended September 30 2017 $	Nine Months Ended September 30 2018 $	Nine Months Ended September 30 2017 $
Expenses					
Accounting and administration	7(b)(ii)	13,658	13,079	40,812	40,975
Audit		11,583	-	82,065	59,264
Consulting	7(b)(i)	28,300	11,831	72,012	31,841
Corporate development		1,300	-	16,992	25,932
Depreciation		14,683	17,741	44,050	52,199
General exploration		178,013	78,305	441,872	185,142
Legal		1,630	135,234	7,597	157,555
Office		50,449	33,306	154,057	141,233
Regulatory		1,575	2,525	8,813	13,749
Rent		8,953	6,390	27,320	21,131
Salaries, compensation and benefits	7(a)	168,960	183,196	451,852	517,731
Share-based compensation	6(d)	-	-	60,000	-
Shareholder costs		327	1,299	2,750	2,424
Transfer agent		6,693	658	10,216	2,418
Travel		-	-	6,182	1,957
Cost recoveries	5(a)	(104,449)	-	(543,820)	-
		381,675	483,564	882,770	1,253,551
Loss before other items		(381,675)	(483,564)	(882,770)	(1,253,551)
Other items					
Interest income		10,881	3,570	21,246	10,108
Other income		419,907	-	1,028,693	-
Management fee	5(a)	114,354	-	347,777	-
Gain on property dispositions	5	2,482,073	-	2,567,623	-
Unrealized gain on investments		1,141,522	-	1,139,782	-
Recovery of expenses previously recorded		43,660	-	43,660	-
Foreign exchange		140,956	(63,101)	55,951	(145,137)
		4,353,353	(59,531)	5,204,732	(135,029)
Net income (loss) for the period		3,971,678	(543,095)	4,321,962	(1,388,580)
Other comprehensive gain (loss)		-	435	-	(218)
Comprehensive income (loss) for the period		3,971,678	(542,660)	4,321,962	(1,388,798)
Basic and diluted income (loss) per common share		$0.03	$(0.00)	$0.04	$(0.01)
Weighted average number of common shares outstanding		125,723,581	114,153,606	120,069,253	114,153,606

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

(Unaudited - Expressed in Canadian Dollars)

Nine Months Ended September 30, 2018

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Accumulated Other Comprehensive Loss $	Deficit $	Total Equity $
Balance at December 31, 2017	114,153,606	37,659,558	5,127,221	(58,800)	(25,462,985)	17,264,994
Common shares issued for:						
- warrants exercised	12,324,184	1,478,903	-	-	-	1,478,903
Share-based compensation	-	-	60,000	-	-	60,000
Impact of adoption of IFRS 9 on January 1, 2018	-	-	-	58,800	(58,800)	-
Net income for the period	-	-	-	-	4,321,962	4,321,962
Balance at September 30, 2018	126,477,790	39,138,461	5,187,221	-	(21,199,823)	23,125,859

Nine Months Ended September 30, 2017

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Accumulated Other Comprehensive Loss $	Deficit $	Total Equity $
Balance at December 31, 2016	114,153,606	37,659,558	5,127,221	(59,017)	(23,906,655)	18,821,107
Unrealized loss on investment	-	-	-	(218)	-	(218)
Net loss for the period	-	-	-	-	(1,388,580)	(1,388,580)
Balance at September 30, 2017	114,153,606	37,659,558	5,127,221	(59,235)	(25,295,235)	17,432,309

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

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

	Nine Months Ended September 30, 2018 $	Nine Months Ended September 30, 2017 $
Operating activities		
Net income (loss) for the period	4,321,962	(1,388,580)
Adjustments for:		
Depreciation	72,112	52,199
Gain on property dispositions	(2,567,623)	-
Unrealized gain on investments	(1,139,782)	-
Share-based compensation	60,000	-
Changes in non-cash working capital items:		
Restricted cash	503,257	-
Amounts receivable	(342,410)	(85)
GST receivable	-	(443)
Prepaid expenses	(237,475)	(36,356)
Accounts payable and accrued liabilities	391,373	309,232
Deferred recovery of exploration costs	(594,574)	-
Net cash provided by (used in) operating activities	466,840	(1,064,033)
Investing activities		
Expenditures on exploration and evaluation assets, net of recoveries	(353,668)	(2,927,417)
Additions to property, plant and equipment, net of recoveries	(32,332)	(29,744)
Deposit	(100,000)	-
Proceeds from sale of royalty interest	-	3,192,950
Proceeds from sale of exploration and evaluation assets	193,684	-
Net cash (used in) provided by investing activities	(292,316)	235,789
Financing activity		
Issuance of share capital	1,478,903	-
Net cash provided by financing activity	1,478,903	-
Net change in cash	1,653,427	(828,244)
Cash at beginning of period	764,062	1,640,610
Cash at end of period	2,417,489	812,366

Supplemental Cash Flow Information - see Note 10.

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

1. Nature of Operations

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

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

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

The Company has negotiated a number of agreements to provide continued funding for exploration of its exploration and evaluation assets, as described in Note 5. As at September 30, 2018 the Company had working capital of $6,690,557 and an accumulated deficit of $21,199,823. Management considers that the Company has adequate resources to maintain its core operations and, with the financial support of its partner, conduct ongoing exploration programs on its existing exploration and evaluation assets for the next twelve months. However, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended December 31, 2017.

Basis of Measurement

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

Comparative Figures

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

(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

Financial Instruments

The Company adopted all of the requirements of IFRS 9 as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9 management has changed its accounting policy for financial assets retrospectively for assets that continued to be recognized at the date of initial application.

	Original Under IAS 39		New Under IFRS 9	
	Classification	Carrying Amount $	Classification	Carrying Amount $
Cash	FVTPL	764,062	FVTPL	764,062
Restricted cash	FVTPL	719,435	FVTPL	719,435
Accounts receivable	Loans and receivables	105,810	Amortized costs	105,810
Investments	Available for sale	4,350	FVTPL	4,350
Accounts payable	Loans and receivables	490,895	Amortized costs	490,895
Deferred recovery of exploration costs	Loans and receivables	615,288	Amortized costs	615,288

As the standard permits on transition to IFRS 9, the Company has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements.

On transition, the Company's investments previously classified as available-for-sale have been re-designated fair-value through profit and loss financial instruments. The Company has recorded an adjustment, to opening deficit and accumulated other comprehensive loss, on transition for cumulative loss on these instruments of $58,800.

The adoption of IFRS 9 resulted in no further impact to the opening accumulated deficit or to the opening deficit on January 1, 2018.

3. Investments

	As at September 30, 2018			
	Number of Shares	Cost $	Unrealized Gain (Loss) $	Carrying Value $
Common shares				
Adventus Zinc Coporation ("Adventus")	3,804,348	3,043,478	1,141,305	4,184,783
Batero Gold Corp. ("Batero")	43,500	21,750	(18,923)	2,827
		3,065,228	1,122,382	4,187,610

	As at December 31, 2017			
	Number of Shares	Cost $	Unrealized Loss $	Carrying Value $
Common shares				
Batero	43,500	21,750	(17,400)	4,350

During the nine months ended September 30, 2018 the Company received 3,804,348 Adventus common shares from the disposition of the Santiago Concession and Pijili Project. See also Note 5.

(Unaudited - Expressed in Canadian Dollars)

4. Property, Plant and Equipment

	Land $	Drill Rigs and Equipment $	Total $
Cost:			
Balance at December 31, 2016	93,299	926,976	1,020,275
Additions	1,475,291	270,371	1,745,662
Cost recoveries (Note 5(a))	(1,462,766)	(191,715)	(1,654,481)
Balance at December 31, 2017	105,824	1,005,632	1,111,456
Additions	279,769	82,407	362,176
Cost recoveries (Note 5(a))	(247,437)	(54,345)	(301,782)
Balance at September 30, 2018	138,156	1,033,694	1,171,850
Accumulated Depreciation and Impairment:			
Balance at December 31, 2016	-	(695,274)	(695,274)
Depreciation	-	(109,793)	(109,793)
Balance at December 31, 2017	-	(805,067)	(805,067)
Depreciation	-	(72,112)	(72,112)
Balance at September 30, 2018	-	(877,179)	(877,179)
Carrying Value:			
Balance at December 31, 2017	105,824	200,565	306,389
Balance at September 30, 2018	138,156	156,515	294,671

5. Exploration and Evaluation Assets

	As at September 30, 2018			As at December 31, 2017		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Ecuador						
Curipamba	1,793,057	14,035,255	15,828,312	1,757,811	13,859,386	15,617,197
Santiago	-	-	-	369,293	228,609	597,902
Other	199,923	12,396	212,319	157,069	12,396	169,465
	1,992,980	14,047,651	16,040,631	2,284,173	14,100,391	16,384,564

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

	Ecuador			
	Curipamba $	Santiago $	Other $	Total $
Balance at December 31, 2016	16,489,415	571,037	2	17,060,454
Exploration costs				
Assay analysis	63,981	-	-	63,981
Camp supervision and personnel	1,177,540	-	-	1,177,540
Camp supplies	795,554	-	-	795,554
Community relations	413,401	-	-	413,401
Depreciation	37,416	-	-	37,416
Drilling and related costs	98,271	-	-	98,271
Environmental studies	15,061	-	-	15,061
Exploration site	179,710	3,604	-	183,314
Geological	212,687	-	-	212,687
Geophysics	177,711	-	-	177,711
Legal	29,264	-	12,396	41,660
Road maintenance	86,550	-	-	86,550
Vehicles	56,961	-	-	56,961
	3,344,107	3,604	12,396	3,360,107
Acquisition costs				
Property / concession payments	440,838	23,261	157,067	621,166
Cost recoveries	(1,149,088)	-	-	(1,149,088)
Sale of royalty interest	(3,192,950)	-	-	(3,192,950)
Advance payment	(315,125)	-	-	(315,125)
Balance at December 31, 2017	15,617,197	597,902	169,465	16,384,564
Exploration costs				
Assay analysis	-	-	18,401	18,401
Camp supplies	-	-	17,115	17,115
Camp supervision and personnel	-	-	85,558	85,558
Community relations	656,518	-	-	656,518
Depreciation	28,062	-	-	28,062
Drilling and related costs	4,564,639	-	-	4,564,639
Exploration site	6,577	29,241	20,051	55,869
Geological	-	-	17,426	17,426
Travel	-	-	5,096	5,096
	5,255,796	29,241	163,647	5,448,684
Acquisition costs				
Property / concession payments	251,089	22,955	154,887	428,931
Cost recoveries	(5,295,770)	-	(256,239)	(5,552,009)
Sale of interest	-	(650,098)	(19,441)	(669,539)
Balance at September 30 , 2018	15,828,312	-	212,319	16,040,631

5. **Exploration and Evaluation Assets** (continued)

The Company holds interests in the following properties in Ecuador:

(a) Curipamba Project

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

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

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

Adventus will provide the Company with non-refundable advance payments of US $250,000 per year until achievement of commercial production, to a maximum cumulative total of US $1,500,000. On October 13, 2017 the Company closed on the Curipamba Option and an initial advance of $315,125 (US $250,000) was received. The advances are to be paid preferentially to Adventus upon start of commercial production.

Adventus has also agreed to pay the Company a 10% management fee on certain expenditures for the duration of the Curipamba Option, with a prescribed minimum annual amount of US $350,000 on each anniversary date. During the nine months ended September 30, 2018 the Company earned $347,777 (2017 - $nil) in management fees of which $120,071 remained outstanding as at September 30, 2018 and was included in amounts receivable.

During the nine months ended September 30, 2018 Adventus has funded a total of $6,162,086 for costs incurred by the Company, of which $301,782 was applied against property, plant and equipment, $5,295,770 against exploration and evaluation assets and $543,820 as an expense recovery and, as at September 30, 2018, a balance of $20,714 remained as a deferred amount. Adventus has notified the Company that, as at September 30, 2018, Adventus has incurred or funded a total of US $7,701,126 towards the Earn-In.

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

(b) Santiago Concession

The Company holds a 100% interest in a concession (the "Santiago Concession") located in the province of Loja, Ecuador. The Santiago Concession is subject to a 1.5% net smelter return royalty ("NSR"). The Company may re-purchase half of the 1% NSR upon payment of US $850,000.

On May 22, 2018 the Company, Adventus and Dos Gemas entered into an agreement whereby the Company has agreed to transfer the Santiago Project to Dos Gemas under the Alliance upon completion of the following consideration:

(i) payment of US $75,000 in cash to the Company, of which $64,364 (US $50,000) has been paid as at September 30, 2018 and the remaining US $25,000 is due upon official transfer of the Santiago Project to the Exploration Alliance;
(ii) on July 17, 2018 the Company received 1,268,116 Adventus common shares at an ascribed value of $1,014,492, resulting in a $428,758 gain on property disposition; and

5. Exploration and Evaluation Assets (continued)

(iii) Adventus is also required to fully fund a US $500,000 exploration budget on the Santiago Project by May 22, 2020.

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

(c) Other

Exploration Alliance

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

On February 19, 2018 the Company, Adventus and Minera Dos Gemas M2G S.A. ("Dos Gemas") entered into the definitive exploration alliance agreement (the "Exploration Alliance Agreement") to formalize the terms of the MOU. Dos Gemas is owned 80% by Adventus and 20% by the Company. As operator of the Alliance the Company will be paid a 10% operator's fee on all expenditures incurred, subject to an annual maximum fee of US $200,000 on costs pertaining to surface rights acquisitions.

In August 2017 the Company was awarded three concessions (the "Pijili Project"), located in the province of Azuay, Ecuador. As at December 31, 2017 the Company has incurred $19,441 on the Pijili Project. On March 28, 2018 the Company, Adventus and Dos Gemas entered into a letter agreement whereby the Company has agreed to transfer the Pijili Project to Dos Gemas under the Alliance upon completion by Adventus of the following considerations:

(i) payment of US $150,000 cash, of which $129,320 (US $100,000) has been received by the Company as at September 30, 2018 and the remaining US $50,000 is due upon official transfer of the Pijili Project to the Alliance. During the nine months ended September 30, 2018 the Company has applied the $129,320 received, as to $19,441 against exploration and evaluation assets on costs capitalized and the remaining $109,879 as a gain on property disposition;
(ii) on July 17, 2018 the Company received 2,536,232 Adventus common shares at an ascribed value of $2,028,986, which was recognized as a gain of $2,028,986 on property disposition; and
(iii) Adventus is also required to fully fund a US $1,000,000 exploration budget on the Pijili Project by September 28, 2020. As at September 30, 2018 Adventus has funded $256,239 to the Company.

Macara Project

The Macara Project comprises two concessions as follows:

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

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

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

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

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

(ii) In July 2017 the Company was awarded a concession (the "Bonanza Concession") located in the provinces of Loja and Tacamoros, Ecuador. As at September 30, 2018 the Company has incurred $27,241 (December 31, 2017 - $8,235) on the Bonanza Concession.

Ruminahui Project

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

During fiscal 2015 the Company recorded an impairment charge of $610,893 to reduce the carrying value of the Ruminahui Project to a nominal amount of $1. During the nine months ended September 30, 2018 the Company made payments of $3,863 (fiscal 2017 -$91,816) in respect of past concession payments, which have been recorded as part of general exploration expense.

(d) See also Note 8.

6. Share Capital

(a) *Authorized Share Capital*

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

(b) *Equity Financings*

No financings were conducted during the nine months ended September 30, 2018 or fiscal 2017.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at September 30, 2018 and 2017 and the changes for the nine months ended on those dates is as follows:

	2018		2017	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	22,527,863	0.12	22,527,863	0.12
Exercised	(12,324,184)	0.12	-	-
Expired	(10,203,679)	0.12	-	-
Balance, end of period	-	-	22,527,863	0.12

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

(d) *Share Option Plan*

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

During the nine months ended September 30, 2018 the Company granted share options to purchase 600,000 common shares and recorded compensation expense of $60,000. No share options were granted during the nine months ended September 30, 2017.

The fair value of share options granted during the nine months ended September 30, 2018 is estimated using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 1.86%; estimated volatility of 113%; expected life of 3 years; expected dividend yield of 0%; estimated forfeiture rate of 0%.

The weighted average fair value of all share options granted, using the Black-Scholes option pricing model, during the nine months ended September 30, 2018 was $0.10 per option.

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

A summary of the Company's share options at September 30, 2018 and 2017 and the changes for the nine months ended on those dates, is as follows:

	2018		2017	
	Number of Options Outstanding	**Weighted Average Exercise Price $**	**Number of Options Outstanding**	**Weighted Average Exercise Price $**
Balance, beginning of period	6,700,000	0.14	7,900,000	0.14
Granted	600,000	0.14	-	-
Balance, end of period	7,300,000	0.14	7,900,000	0.14

The following table summarizes information about the share options outstanding and exercisable at September 30, 2018:

Number	**Exercise Price $**	**Expiry Date**
6,700,000	0.14	December 1, 2021
600,000	0.14	January 15, 2022
7,300,000		

7. Related Party Disclosures

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

(Unaudited - Expressed in Canadian Dollars)

7. Related Party Disclosures (continued)

(a) *Compensation of Key Management Personnel*

During the nine months ended September 30, 2018 and 2017 the following amounts were incurred with respect to the President and the Chief Financial Officer ("CFO") of the Company:

	2018 $	2017 $
Salaries	243,356	199,777
Health benefits	5,666	4,490
	249,022	204,267

(b) *Other Related Party Transactions*

(i) During the nine months ended September 30, 2018 and 2017 the following amounts were incurred with respect to non-executive directors of the Company:

	2018 $	2017 $
Consulting	69,897	29,404
Share-based compensation	60,000	-
	129,897	29,404

As at September 30, 2018, $17,476 (December 31, 2017 - $5,645) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the nine months ended September 30, 2018 the Company incurred a total of $40,812 (2017 - $40,975) to Chase Management Ltd. ("Chase"), a private corporation owned by a director of the Company, for accounting and administration services provided by Chase personnel, excluding the director. As at September 30, 2018, $4,531 (December 31, 2017 - $4,391) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) During the nine months ended September 30, 2018 the Company incurred $168,032 (2017 - $nil) for truck rental services provided by a private corporation controlled by the President and the CFO of the Company.

(iv) During the nine months ended September 30, 2018 the Company incurred $13,906 (2017 - $nil) for storage rental provided by a private corporation controlled by the President and the CFO of the Company.

(v) See also Note 5(c).

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

(Unaudited - Expressed in Canadian Dollars)

8. Commitments

When applying for new concessions via the public tender process in Ecuador, the Company, either directly or under option agreement, presented its investment offers for each concession. The investment offer represents the total amount that is required to be spent in order to maintain possession of the concession area at the end of the four-year investment period required by the Government of Ecuador. Accordingly, should the Company wish to retain possession of all the concession areas it holds as at September 30, 2018, the Company's commitment is as follows:

	US $
Fiscal 2019	23,850
Fiscal 2020	47,650
Fiscal 2021	7,907,421
	7,978,921

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized cost; fair value through other comprehensive income; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	September 30, 2018 $	December 31, 2017 $
Cash	FVTPL	2,417,489	764,062
Restricted cash	FVTPL	216,178	719,435
Amounts receivable	Amortized costs	448,220	105,810
Investments	FVTPL	4,187,610	4,350
Accounts payable and accrued liabilities	Amortized costs	(882,268)	(490,895)
Deferred recovery of exploration costs	Amortized costs	(20,714)	(615,288)

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

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

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

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

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

9. Financial Instruments and Risk Management (continued)

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

Credit Risk

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

Liquidity Risk

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

	Contractual Maturity Analysis at September 30, 2018				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	2,417,489	-	-	-	2,417,489
Restricted cash	216,178	-	-	-	216,178
Amounts receivable	448,220	-	-	-	448,220
Investment	-	4,187,610	-	-	4,187,610
Accounts payable and accrued liabilities	(882,268)	-	-	-	(882,268)
Deferred recovery of exploration costs	(20,714)	-	-	-	(20,714)

Market Risk

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

(a) Interest Rate Risk

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

(b) Foreign Currency Risk

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

The Company also maintains cash deposits in US Dollars with its Canadian bank. As such, the fluctuation of the Canadian Dollar in relation to the US Dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At September 30, 2018, 1 Canadian Dollar was equal to 0.77 US Dollar.

(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

Balances are as follows:

	US $	CDN $ Equivalent
Cash	879,353	1,142,018
Restricted cash	166,997	216,178
Amounts receivable	343,089	448,220
Accounts payable and accrued liabilities	(655,962)	(851,898)
Deferred recovery of exploration costs	(16,002)	(20,714)
	717,475	933,804

Based on the net exposures as of September 30, 2018 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's net income being approximately $90,000 higher (or lower).

Capital Management

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

10. Supplemental Cash Flow Information

During the nine months ended September 30, 2018 and 2017 non-cash activities were conducted by the Company as follows:

	2018 $	2017 $
Operating activity		
Accounts payable and accrued liabilities	-	(116,328)
Investing activities		
Investments	(3,043,478)	-
Proceeds from sale of exploration and evaluation assets	3,043,478	-
Exploration and evaluation assets	-	116,328
	-	116,328

(Unaudited - Expressed in Canadian Dollars)

11. Segmented Information

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

	September 30, 2018		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	2,583,155	822,774	3,405,929
Investments	4,187,610	-	4,187,610
Property, plant and equipment	-	294,671	294,671
Exploration and evaluation assets	-	16,040,631	16,040,631
Other	-	100,000	100,000
	6,770,765	17,258,076	24,028,841

	December 31, 2017		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	706,923	968,951	1,675,874
Investments	4,350	-	4,350
Property, plant and equipment	-	306,389	306,389
Exploration and evaluation assets		16,384,564	16,384,564
	711,273	17,659,904	18,371,177