SALAZAR RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2019

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

SALAZAR RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

	Notes	September 30, 2019 $	December 31, 2018 $
ASSETS			
Current assets			
Cash		4,270,989	2,784,301
Restricted cash	5(a)	278,972	153,289
Amounts receivable	5	145,953	242,096
GST receivable		17,868	4,909
Prepaid expenses and deposits		735,344	563,781
Due from joint-venture partner	5(a)	52,804	670,726
Investments	3	-	2,856,088
Total current assets		5,501,930	7,275,190
Non-current assets			
Property, plant and equipment	4	869,798	821,525
Exploration and evaluation assets	5	14,658,965	15,312,844
Total non-current assets		15,528,763	16,134,369
TOTAL ASSETS		21,030,693	23,409,559
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		1,177,627	1,716,275
TOTAL LIABILITIES		1,177,627	1,716,275
SHAREHOLDERS' EQUITY			
Share capital	6	39,138,461	39,138,461
Share-based payments reserve		5,810,902	5,187,221
Deficit		(25,339,492)	(24,214,591)
Accumulated other comprehensive income		243,195	1,582,193
TOTAL SHAREHOLDERS' EQUITY		19,853,066	21,693,284
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		21,030,693	23,409,559

Commitments - see Note 8

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on November 28, 2019 and are signed on its behalf by:

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

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

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

	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2019	2018	2019	2018
		$	$	$	$
Expenses					
Accounting and administration	7(b)(ii)	13,866	13,658	41,875	40,812
Audit		-	11,583	117,097	82,065
Consulting	7(b)(i)	45,453	28,300	139,473	72,012
Corporate development		20,909	1,300	42,448	16,992
Depreciation	4	30,819	14,683	106,025	44,050
Drill rig standby costs		-	-	426,798	-
General exploration		132,366	178,013	413,242	441,872
Legal		7,502	1,630	22,094	7,597
Office		84,557	50,449	155,489	154,057
Regulatory		4,850	1,575	16,488	8,813
Rent		5,962	8,953	25,978	27,320
Salaries, compensation and benefits	7(a)	188,285	168,960	555,729	451,852
Share-based compensation	6(d)	24,966	-	503,681	60,000
Shareholder costs		1,790	327	7,614	2,750
Transfer agent		4,046	6,693	5,922	10,216
Travel		8,512	-	30,706	6,182
Cost recoveries	5(a)	(333,950)	(104,449)	(880,844)	(543,820)
		239,933	381,675	1,729,815	882,770
Loss before other items		(239,933)	(381,675)	(1,729,815)	(882,770)
Other items					
Interest income		24,804	10,881	73,925	21,246
Other income		-	419,907	-	1,028,693
Operator fees and other	5(b)	14,300	114,354	120,129	347,777
Gain on sale of investments	3	-	-	367,315	-
Gain on property dispositions	5(b)	99,138	2,482,073	99,138	2,567,623
Unrealized gain on investments		-	1,141,522	-	1,139,782
Recovery of expenses previously recorded		-	43,660	-	43,660
Foreign exchange		(5,634)	140,956	(55,593)	55,951
		132,608	4,353,353	604,914	5,204,732
Net (loss) income for the period		(107,325)	3,971,678	(1,124,901)	4,321,962
Other comprehensive loss					
Change in currency translation of foreign subsidiaries		(521,993)	-	(1,338,998)	-
Comprehensive (loss) income for the period		(629,318)	3,971,678	(2,463,899)	4,321,962
Basic and diluted (loss) income per common share		$(0.00)	$0.03	$(0.01)	$0.04
Weighted average number of common shares outstanding		126,477,790	125,723,581	126,477,790	120,069,253

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

SALAZAR RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended September 30, 2019					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Foreign Currency Translation $	Deficit $	Total Equity $
Balance at December 31, 2018	126,477,790	39,138,461	5,187,221	1,582,193	(24,214,591)	21,693,284
Share-based compensation:						
- share options	-	-	503,681	-	-	503,681
- warrants	-	-	120,000	-	-	120,000
Currency translation adjustment	-	-	-	(1,338,998)	-	(1,338,998)
Net loss for the period	-	-	-	-	(1,124,901)	(1,124,901)
Balance at September 30, 2019	126,477,790	39,138,461	5,810,902	243,195	(25,339,492)	19,853,066

	Nine Months Ended September 30, 2018					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Investment Valuation $	Deficit $	Total Equity $
Balance at December 31, 2017	114,153,606	37,659,558	5,127,221	(58,800)	(25,462,985)	17,264,994
Impact of adoption of IFRS 9 on January 1, 2018	-	-	-	58,800	(58,800)	-
Common shares issued for:						
- warrants exercised	12,324,184	1,478,903	-	-	-	1,478,903
Share-based compensation	-	-	60,000	-	-	60,000
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

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,	
	2019	2018
	$	$
Operating activities		
Net income (loss) for the period	(1,124,901)	4,321,962
Adjustments for:		
Depreciation	106,025	72,112
Gain on property dispositions	(99,138)	(2,567,623)
Unrealized gain on investments	-	(1,139,782)
Gain on sale of investments	(367,315)	-
Share-based compensation	503,681	60,000
Changes in non-cash working capital items:		
Restricted cash	(125,683)	503,257
Amounts receivable	(85,164)	(342,410)
GST receivable	(14,790)	-
Prepaid expenses and deposits	(218,328)	(237,475)
Accounts payable and accrued liabilities	(639,385)	391,373
Due from joint venture partner	566,831	-
Deferred recovery of exploration costs	-	(594,574)
Net cash provided by (used in) operating activities	(1,498,167)	466,840
Investing activities		
Expenditures on exploration and evaluation assets, net of recoveries	170,764	(353,668)
Additions to property, plant and equipment, net of recoveries	(148,247)	(32,332)
Deposit	-	(100,000)
Proceeds from sale of investments	3,223,404	-
Proceeds from sale of exploration and evaluation assets	99,138	193,684
Net cash (used in) provided by investing activities	3,345,059	(292,316)
Financing activity		
Issuance of share capital	-	1,478,903
Net cash provided by financing activity	-	1,478,903
Effect of exchange rate changes on cash	(360,204)	-
Net change in cash	1,486,688	1,653,427
Cash at beginning of period	2,784,301	764,062
Cash at end of period	4,270,989	2,417,489

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" and on the Frankfurt Exchange under the symbol "CCG". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

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

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

The Company has negotiated a number of agreements to provide continued funding for exploration of its exploration and evaluation assets, as described in Note 5. As at September 30, 2019 the Company had working capital of $4,324,303 and an accumulated deficit of $25,339,492. Management considers that the Company has adequate resources to maintain its core operations and, with the financial support of its partner, conduct ongoing exploration programs on its existing exploration and evaluation assets for the next twelve months. However, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

2. Basis of Preparation

Statement of Compliance

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

Adoption of New Accounting Standard - IFRS 16

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

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

(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

Basis of Measurement

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

Comparative Figures

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

3. Investments

During fiscal 2018 the Company received a total of 3,804,348 Adventus Zinc Corporation common shares (the "Adventus Shares") from the disposition of the Santiago Concession and Pijili Project. See also Note 5. During the nine months ended September 30, 2019 the Company sold the Adventus Shares and 43,500 Batero Gold Corp. common shares for total proceeds of $3,223,404 and recognized a gain on sale of $367,315.

As of September 30, 2019 the Company did not hold any investments.

4. Property, Plant and Equipment

	Land $	Drill Rigs and Equipment $	Total $
Cost:			
Balance at December 31, 2017	105,824	1,005,632	1,111,456
Additions	332,553	670,357	1,002,910
Cost recoveries (Note 5(a))	(300,221)	(123,665)	(423,886)
Foreign exchange movement	11,144	50,174	61,318
Balance at December 31, 2018	149,300	1,602,498	1,751,798
Additions	368,133	404,809	772,942
Disposal	-	(29,238)	(29,238)
Cost recoveries (Note 5(a))	(232,575)	(362,882)	(595,457)
Foreign exchange movement	(4,367)	35,043	30,676
Balance at September 30, 2019	280,491	1,650,230	1,930,721
Accumulated Depreciation:			
Balance at December 31, 2017	-	(805,067)	(805,067)
Depreciation	-	(125,206)	(125,206)
Balance at December 31, 2018	-	(930,273)	(930,273)
Depreciation	-	(106,025)	(106,025)
Disposal	-	17,917	17,917
Foreign exchange movement	-	(42,542)	(42,542)
Balance at September 30, 2019	-	(1,060,923)	(1,060,923)
Carrying Value:			
Balance at December 31, 2018	149,300	672,225	821,525
Balance at September 30, 2019	280,491	589,307	869,798

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets

	As at September 30, 2019			
	Acquisition Costs $	Deferred Exploration Costs $	Foreign Exchange Movement $	Total $
Ecuador				
Curipamba	-	13,117,576	1,013,266	14,130,842
Exploration Alliance	-	83,336	6,271	89,607
Other	407,897	12,396	18,223	438,516
	407,897	13,213,308	1,037,760	14,658,965

	As at December 31, 2018			
	Acquisition Costs $	Deferred Exploration Costs $	Foreign Exchange Movement $	Total $
Ecuador				
Curipamba	-	13,466,439	1,484,978	14,951,417
Exploration Alliance	-	83,336	9,190	92,526
Other	229,798	12,396	26,707	268,901
	229,798	13,562,171	1,520,875	15,312,844

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

	Curipamba $	Exploration Alliance $	Other $	Total $
Balance at December 31, 2017	15,617,197	617,344	150,023	16,384,564
Exploration costs				
Assay analysis	-	37,738	-	37,738
Camp supplies	-	17,516	-	17,516
Camp supervision and personnel	-	85,987	-	85,987
Community relations	1,093,008	-	-	1,093,008
Depreciation	37,416	-	-	37,416
Drilling and related costs	6,410,637	-	-	6,410,637
Exploration site	17,685	71,164	-	88,849
Geological	-	544,007	-	544,007
Legal	-	23,859	-	23,859
Permits	-	7,344	-	7,344
Salaries	-	100,099	-	100,099
Travel	-	20,801	-	20,801
	7,558,746	908,515	-	8,467,261
Acquisition costs				
Property / concession payments	259,251	114,614	92,171	466,036
Other				
Cost recoveries	(7,807,987)	(816,447)	-	(8,624,434)
Management fees	(662,265)	(29,998)	-	(692,263)
Drilling services	(1,173,253)	-	-	(1,173,253)
Sale of interest	-	(710,692)	-	(710,692)
Advance payment	(325,250)	-	-	(325,250)
Foreign exchange movement	1,484,978	9,190	26,707	1,520,875
	(8,483,777)	(1,547,947)	26,707	(10,005,017)
Balance at December 31, 2018	14,951,417	92,526	268,901	15,312,844
Exploration costs				
Assay analysis	113,489	125,803	-	239,292
Camp supplies	137,826	174,982	-	312,808
Camp supervision and personnel	354,153	30,796	-	384,949
Community relations	904,085	9,078	-	913,163
Drilling and related costs	150,906	-	-	150,906
Environmental studies	77,779	16,350	-	94,129
Equipment maintenance	99,069	-	-	99,069
Exploration site	187,648	99,589	-	287,237
Geophysics	806,003	1,209,817	-	2,015,820
Legal	28,027	1,715	-	29,742
Salaries	1,365,386	305,486	-	1,670,872
Travel	58,349	-	-	58,349
Vehicles	8,870	-	-	8,870
	4,291,590	1,973,616	-	6,265,206
Acquisition costs				
Property / concession payments	225,552	155,760	178,099	559,411
Other				
Cost recoveries	(4,517,142)	(2,129,376)	-	(6,646,518)
Management fees	(348,863)	-	-	(348,863)
Foreign exchange movement	(471,712)	(2,919)	(8,484)	(483,115)
	(5,337,717)	(2,132,295)	(8,484)	(7,478,496)
Balance at September 30 , 2019	14,130,842	89,607	438,516	14,658,965

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

Adventus will provide the Company with non-refundable advance payments of US $250,000 per year until achievement of commercial production, to a maximum cumulative total of US $1,500,000. As at September 30, 2019 the Company has received total advance payments of US $500,000.

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

Adventus has also agreed to pay the Company a 10% management fee on certain expenditures for the duration of the Curipamba Option, with a prescribed minimum annual amount of US $350,000 on each anniversary date. During the nine months ended September 30, 2019 the Company earned $348,863 (fiscal 2018 - $662,265) in management fees and as at September 30, 2019 $115,876 (December 31, 2018 - $231,131) remained outstanding and was included in amounts receivable.

During the nine months ended September 30, 2019 Adventus funded a total of $6,342,306 for costs incurred by the Company, of which $595,457 was applied against property, plant and equipment, $4,866,005 against exploration and evaluation assets and $880,844 as an expense recovery. As at September 30, 2019, a balance of $52,804 is due from the joint-venture partner and $278,972 remains in restricted cash.

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

Adventus has notified the Company that, as at September 30, 2019, Adventus has incurred or funded a total of US $15,501,667 (December 31, 2018 - US $10,074,012) towards the Earn-In.

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

5. Exploration and Evaluation Assets (continued)

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

(b) ***Exploration Alliance***

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

Dos Gemas

On February 19, 2018 the Company, Adventus and Minera Dos Gemas M2G S.A. ("Dos Gemas") entered into the definitive exploration alliance agreement (the "Exploration Alliance Agreement") to formalize the terms of the MOU. Dos Gemas is owned 80% by Adventus and 20% by the Company. As operator of the Alliance the Company will be paid a 10% operator's fee on all expenditures incurred, subject to an annual maximum fee of US $200,000 on costs pertaining to surface rights acquisitions. During the nine months ended September 30, 2019 the Company earned $7,674 (fiscal 2018 - $4,668) in operator fees and as at September 30, 2019 $68 (December 31, 2018 - $4,668) remained outstanding and was included in amounts receivable.

Pijili Project

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

(i) on July 17, 2018 the Company received 2,536,232 Adventus common shares at an ascribed value of $2,028,986, of which $426 was applied against evaluation and exploration assets on costs capitalized and the remaining $2,028,560 as a gain on property disposition in fiscal 2018;
(ii) Adventus was also required to fully fund a US $1,000,000 exploration budget on the Pijili Project by September 28, 2020. Adventus fulfilled this funding commitment in fiscal 2018; and
(iii) payment of US $150,000 cash, of which $129,320 (US $100,000) was received by the Company as at December 31, 2018 and the remaining $66,385 (US $50,000) was received in August 2019. During fiscal 2018 the Company applied the $129,320 received, as to $60,168 against exploration and evaluation assets on costs capitalized and the remaining $69,152 as a gain on property disposition During the nine months ended September 30, 2019 the Company recorded the $66,385 as a gain on property disposition. The Company has made application to transfer the Pijili Project to Dos Gemas.

During the nine months ended September 30, 2019 the Company earned $44,572 (fiscal 2018 - $25,330) in operator fees and as at September 30, 2019, $13,619 (fiscal 2018 $25,330) remained outstanding and was included in amounts receivable.

5. Exploration and Evaluation Assets (continued)

Santiago Concession

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

(i) on July 17, 2018 the Company received 1,268,116 Adventus common shares at an ascribed value of $1,014,492, of which $585,734 was applied against exploration and evaluation assets on costs capitalized and the remaining $428,758 as a gain on property disposition in fiscal 2018;
(ii) Adventus was also required to fully fund a US $500,000 exploration budget on the Santiago Project by May 22, 2020. Adventus fulfilled this funding commitment in March 2019; and
(iii) payment of US $75,000 in cash to the Company, of which $64,365 (US $50,000) was received during fiscal 2018 and the remaining $32,753 (US $25,000) was received in July 2019. During fiscal 2018 the Company applied the $64,365 against exploration and evaluation assets on costs capitalized. During the nine months ended September 30, 2019 the Company recorded the $32,753 received as a gain on property disposition and completed the official transfer of the Santiago Project to Dos Gemas.

During the nine months ended September 30, 2019 the Company earned $67,883 (2018 - $nil) in operator fees and other services. As at September 30, 2019, $613 remained outstanding and was included in amounts receivable.

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

(c) ***Other***

Macara Project

The Macara Project comprises two concessions as follows:

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

- US $100,000 on signing (paid);
- US $50,000 on November 6, 2018 (paid);
- US $50,000 on November 6, 2019 (paid in November 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.

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.

As at September 30, 2019 the Company has paid $nil (December 31, 2018 - $71,241) for the option payment and $5,573 (fiscal 2018 - $5,997) for concession payments on the Macara Concession.

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

(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, 2019 the Company has incurred $19,885 (December 31, 2018 - $19,006) of costs 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 only made partial payments on these concessions. 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 to reflect the uncertainty of the Company's ownership in the Ruminahui Project. During the nine months ended September 30, 2019 the Company has made payments totalling $103,728 (fiscal 2018 - $28,514) in respect of past and current concession payments. These payments have been recorded as part of exploration and evaluation assets.

Los Osos Concession

On March 21, 2019 the Company entered into an option agreement whereby the Company has ben 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. Pursuant to the terms of the agreement, the Company may earn the following interest by payments of:

Interest	**Amount US $**
15%, on March 21, 2019 (paid)	35,000
15%, on March 21, 2020	35,000
15%, on March 21, 2021	50,000
15%, on March 21, 2022	65,000
15%, on March 21, 2023	65,000
	250,000

During the nine months ended September 30, 2019 the Company incurred $2,398 of costs on the Los Osos Concession.

(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, 2019 or fiscal 2018.

(c) *Warrants*

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

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at September 30, 2019 and 2018 and the changes for the nine months ended on those dates is as follows:

	2019		2018	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	-	-	22,527,863	0.12
Issued	1,000,000	0.12	-	
Exercised	-	-	(12,324,184)	0.12
Expired	-	-	(10,203,679)	0.12
Balance, end of period	1,000,000	0.12	-	-

As at September 30, 2019 warrants to purchase 1,000,000 common shares at an exercise price of $0.12 per share, expiring February 16, 2024, were outstanding.

(d) *Share Option Plan*

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

During the nine months ended September 30, 2019 the Company granted share options to purchase 5,472,000 (2018 - 600,000) common shares and recorded compensation expense of $503,681 (2018 - $60,000). The fair value of share options granted and vested is estimated using the Black-Scholes option pricing model using the following assumptions:

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

The weighted average measurement date fair value of all share options recognized during the nine months ended September 30, 2019 was $0.10 (2018 - $0.10) per share option.

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

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

A summary of the Company's share options at September 30, 2019 and 2018 and the changes for the nine months ended on those dates, is as follows:

	2019		2018	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	7,175,000	0.14	6,700,000	0.14
Granted	5,472,000	0.13	600,000	0.14
Expired / cancelled	(600,000)	0.14	-	-
Balance, end of period	12,047,000	0.14	7,300,000	0.14

The following table summarizes information about the share options outstanding and exercisable at September 30, 2019:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
5,975,000	5,975,000	0.14	December 1, 2021
600,000	600,000	0.14	January 15, 2022
1,000,000	250,000	0.12	January 25, 2024
4,472,000	4,472,000	0.135	February 14, 2024
12,047,000	11,297,000		

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.

(a) *Compensation of Key Management Personnel*

During the nine months ended September 30, 2019 and 2018 the following amounts were incurred with respect to the President and the Chief Financial Officer ("CFO") of the Company:

	2019 $	2018 $
Salaries and fees	246,747	243,356
Health benefits	5,847	5,666
Share-based compensation	150,000	-
	402,594	249,022

Salaries and fees includes $101,669 (2018 - $nil) billed to the Company by a private company owned by the President and the Chief Financial Officer of the Company, for geological services provided by the President.

As at September 30, 2019 $nil (December 31, 2018 - $125,348) remained unpaid and has been included in accounts payable and accrued liabilities.

(Unaudited - Expressed in Canadian Dollars)

7. Related Party Disclosures (continued)

(b) *Other Related Party Transactions*

(i) During the nine months ended September 30, 2019 and 2018 the following amounts were incurred with respect non-executive directors of the Company:

	2019 $	2018 $
Consulting	139,235	69,897
Share-based compensation	131,515	60,000
	270,750	129,897

As at September 30, 2019 $9,486 (December 31, 2018 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the nine months ended September 30, 2019 the Company incurred a total of $41,875 (2018 - $40,812) 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, 2019 $nil (December 31, 2018 - $4,775) remained unpaid and has been included in accounts payable and accrued liabilities.

During the nine months ended September 30, 2019 the Company also recorded $15,000 for share-based compensation for share options granted to Chase.

(iii) During the nine months ended September 30, 2019 the Company incurred $167,454 (2018 - $168,032) for equipment rental services provided by a private corporation controlled by the President and the CFO of the Company. As at September 30, 2019 $nil (December 31, 2018 - $21,827) remained unpaid and has been included in accounts payable and accrued liabilities.

(iv) During the nine months ended September 30, 2019 the Company incurred $22,726 (2018 - $13,906) for storage rental provided by a private corporation controlled by the son of the President 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.

8. Commitments

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

(a) When applying for new concessions via the public tender process in Ecuador, the Company, either directly or under option agreement, presented its investment offers for each concession. The investment offer represents the total amount that is required to be spent in order to maintain possession of the concession area at the end of the four-year investment period required by the Government of Ecuador. Accordingly, should the Company wish to retain possession of all the concession areas it holds as at September 30, 2019, the Company's commitment is as follows:

(Unaudited - Expressed in Canadian Dollars)

8. Commitments (continued)

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

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

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

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

Financial Instrument	Category	September 30, 2019 $	December 31, 2018 $
Cash	FVTPL	4,270,989	2,784,301
Restricted cash	FVTPL	278,972	153,289
Amounts receivable	Amortized cost	145,953	242,096
Due from joint-venture partner	Amortized cost	52,804	670,726
Investments	FVTPL	-	2,856,088
Accounts payable and accrued liabilities	Amortized cost	(1,177,627)	(1,716,275)

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

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

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

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

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

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

9. Financial Instruments and Risk Management (continued)

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, 2019				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	4,270,989	-	-	-	4,270,989
Restricted cash	278,972	-	-	-	278,972
Amounts receivable	145,953	-	-	-	145,953
Due from joint-venture partner	52,804	-	-	-	52,804
Accounts payable and accrued liabilities	(1,177,627)	-	-	-	(1,177,627)

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, 2019, 1 Canadian Dollar was equal to 0.76 US Dollar.

Balances are as follows:

	US $	CDN $ Equivalent
Cash	442,615	582,389
Restricted cash	210,657	278,972
Amounts receivable	98,261	129,290
Due to joint-venture partner	39,873	52,804
Accounts payable and accrued liabilities	(510,444)	(671,637)
	280,962	371,818

(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

Based on the net exposures as of September 30, 2019 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's net loss being approximately $37,000 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, 2019 and 2018 non-cash activities were conducted by the Company as follows:

	2019 **$**	**2018** **$**
Operating activity		
Accounts payable and accrued liabilities	120,000	-
Financing activity		
Share-based payments reserve	(120,000)	-
Investing activities		
Investments		(3,043,478)
Proceeds from sale of exploration and evaluation assets		3,043,478
		-

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, 2019		
	Corporate Canada **$**	**Mineral Operations Ecuador** **$**	**Total** **$**
Current assets	4,149,259	1,352,671	5,501,930
Property, plant and equipment	-	869,798	869,798
Exploration and evaluation assets	-	14,658,965	14,658,965
	4,149,259	16,881,434	21,030,693

(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

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