SALAZAR RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2023

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

	Notes	March 31, 2023 $	December 31, 2022 $
ASSETS			
Current assets			
Cash and cash equivalents		1,708,028	2,165,730
Prepaid expenses		180,733	149,805
Amounts receivable		756,457	860,681
GST / IVA tax receivables		89,514	74,833
Materials and supplies		552,699	576,494
Total current assets		3,287,431	3,827,543
Non-current assets			
Property, plant and equipment	3	1,083,175	1,134,228
Exploration and evaluation assets	4	7,657,051	7,327,886
Investment in associated companies	5	16,926,980	16,985,252
Total non-current assets		25,667,206	25,447,366
TOTAL ASSETS		28,954,637	29,274,909
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		688,185	619,622
TOTAL LIABILITIES		688,185	619,622
SHAREHOLDERS' EQUITY			
Share capital	6	49,809,110	49,440,589
Share-based payments reserve		6,023,884	5,961,306
Accumulated other comprehensive income		892,984	962,973
Deficit		(28,459,526)	(27,709,581)
TOTAL SHAREHOLDERS' EQUITY		28,266,452	28,655,287
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		28,954,637	29,274,909

Nature of Operations and Going Concern - see Note 1

Commitments - see Note 8

Events after the Reporting Period - see Note 13

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 29, 2023 and are signed on its behalf by:

/s/ ***Fredy Salazar***
Fredy Salazar
Director

/s/ ***Pablo Acosta***
Pablo Acosta
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
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended March 31 2023 $	Three Months Ended March 31 2022 $
Expenses			
Accounting and administration	7(b)(ii)	14,285	13,275
Audit		78,000	45,000
Consulting		500	-
Corporate development		1,111	24,410
Depreciation		25,233	33,309
Director and officer compensation	7	88,482	84,696
General exploration		135,460	-
Legal		19,254	19,606
Office		21,068	9,633
Regulatory		13,388	19,593
Salaries	7(a)	22,733	21,113
Share-based compensation	6	62,578	99,462
Shareholder costs		2,031	1,340
Transfer agent		8,893	1,733
Travel		11,649	6,160
		504,665	379,330
Loss before other items		(504,665)	(379,330)
Other items			
Net drill income (loss)	5	(182,924)	-
Interest income		24,213	5,143
Other income		67,665	38,414
Foreign exchange		(12,508)	(2,695)
Equity loss in associated company	5	(141,726)	(32,341)
		(245,280)	8,521
Net loss for the period		(749,945)	(370,809)
Other comprehensive loss			
Change in currency translation of foreign subsidiaries		(69,989)	(142,314)
Comprehensive loss for the period		(819,934)	(513,123)
Basic and diluted loss per common share		$(0.00)	$(0.00)
Weighted average number of common shares outstanding		183,343,558	152,693,184

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

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

Three Months Ended March 31, 2023

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	Total Shareholders' Equity $
Balance at December 31, 2022	180,026,869	49,440,589	5,961,306	962,973	(27,709,581)	28,655,287
Common shares issued for:						
- private placement	3,685,210	368,521	-	-	-	368,521
Share-based compensation:						
- share options	-	-	30,736	-	-	30,736
- restricted share units	-	-	31,842	-	-	31,842
Currency translation adjustment	-	-	-	(69,989)	-	(69,989)
Net loss for the period	-	-	-	-	(749,945)	(749,945)
Balance at March 31, 2023	183,712,079	49,809,110	6,023,884	892,984	(28,459,526)	28,266,452

Three Months Ended March 31, 2022

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	Total Shareholders' Equity $
Balance at December 31, 2021	152,662,073	46,817,062	5,668,238	95,669	(23,804,795)	28,776,174
Common shares issued for:						
- share options	50,000	6,750	-	-	-	6,750
Transfer on exercise of share options	-	5,000	(5,000)	-	-	-
Share-based compensation:						
- share options	-	-	67,620	-	-	67,620
- restricted share units	-	-	31,842	-	-	31,842
Currency translation adjustment	-	-	-	(142,314)	-	(142,314)
Net loss for the period	-	-	-	-	(370,809)	(370,809)
Balance at March 31, 2022	152,712,073	46,828,812	5,762,700	(46,645)	(24,175,604)	28,369,263

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

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

	Three Months Ended March 31,	
	2023	2022
	$	$
Operating activities		
Net loss for the period	(749,945)	(370,809)
Adjustments for:		
Depreciation	47,141	44,353
Share-based compensation	62,578	99,462
Equity loss in associated company	141,726	32,341
Changes in non-cash working capital items:		
Amounts receivable	103,446	151,826
GST/VAT receivable	(14,722)	27,110
Prepaid expenses and deposits	(30,949)	(378,817)
Material and supplies	23,302	(28,549)
Accounts payable and accrued liabilities	68,934	338,219
Net cash used in operating activities	(348,489)	(84,864)
Investing activities		
Expenditures on exploration and evaluation assets	(335,858)	(1,502,976)
Additions to property, plant and equipment	-	(3,658)
Investment in associated companies	(83,454)	-
Net cash used in investing activities	(419,312)	(1,506,634)
Financing activity		
Issuance of common shares	368,521	6,750
Net cash provided by financing activity	368,521	6,750
Effect of exchange rate changes on cash	(58,422)	9,297
Net change in cash	(457,702)	(1,575,451)
Cash at beginning of period	2,165,730	3,721,815
Cash at end of period	1,708,028	2,146,364

Supplemental Cash Flow Information - see Note 11

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

1. Nature of Operations and Going Concern

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", on the OTCQB 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 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.

As at March 31, 2023 the Company had working capital of $2,599,246. 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. Additional capital may be sought from existing shareholders and creditors and from the sale of additional common shares or other equity or debt instruments. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term, the Company's ability to continue as a going concern will be dependent upon the discovery of economically recoverable reserves and the achievement of profitable operations. Whether the Company can generate positive cash flow and, ultimately, achieve profitability is uncertain. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the condensed consolidated interim financial statements. These condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or continue operations.

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, 2022, 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, 2022.

(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.

Details of the Group

In addition to the Company, the condensed consolidated interim financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases. See also Note 5.

3. Property, Plant and Equipment

	Land $	Drill Rigs and Equipment $	Total $
Cost:			
Balance at December 31, 2021	386,354	2,891,452	3,277,806
Additions	-	102,254	102,254
Write-off	-	(470,962)	(470,962)
Foreign exchange movement	26,390	350,183	376,573
Balance at December 31, 2022	412,744	2,872,927	3,285,671
Foreign exchange movement	(334)	(2,167)	(2,501)
Balance at March 31, 2023	412,410	2,870,760	3,283,170
Accumulated Depreciation:			
Balance at December 31, 2021	-	(1,767,409)	(1,767,409)
Depreciation	-	(261,300)	(261,300)
Write-off	-	166,579	166,579
Foreign exchange movement	-	(289,313)	(289,313)
Balance at December 31, 2022	-	(2,151,443)	(2,151,443)
Depreciation	-	(47,141)	(47,141)
Foreign exchange movement	-	(1,411)	(1,411)
Balance at March 31, 2023	-	(2,199,995)	(2,199,995)
Carrying Value:			
Balance at December 31, 2022	412,744	721,484	1,134,228
Balance at March 31, 2023	412,410	670,765	1,083,175

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

	As at March 31, 2023			
	Acquisition Costs $	**Deferred Exploration Costs $**	**Foreign Exchange Movement $**	**Total $**
Ecuador				
Macara	600,006	3,904,745	219,103	4,723,854
Los Osos	292,616	1,215,554	57,790	1,565,960
El Potro	166,656	1,134,798	65,783	1,367,237
	1,059,278	6,255,097	342,676	7,657,051

	As at December 31, 2022			
	Acquisition Costs $	**Deferred Exploration Costs $**	**Foreign Exchange Movement $**	**Total $**
Ecuador				
Macara	600,006	3,762,969	223,109	4,586,084
Los Osos	289,830	1,192,996	59,159	1,541,985
El Potro	156,081	976,635	67,101	1,199,817
	1,045,917	5,932,600	349,369	7,327,886

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

	Macara $	Ruminahui $	Los Osos $	El Potro $	Total $
Balance at December 31, 2021	3,538,393	2,158,946	1,408,284	152,143	7,257,766
Exploration costs					
Assay analysis	15,602	-	-	113,084	128,686
Camp supervision and personnel	67,981	329,273	-	318,579	715,833
Camp supplies	63,830	51,059	-	76,343	191,232
Community relations	15,454	1,145	-	17,738	34,337
Depreciation	34,904	11,139	-	3,545	49,588
Drilling	-	34,914	-	-	34,914
Environmental studies	2,487	-	2,022	8,573	13,082
Equipment maintenance	12,914	-	-	6,360	19,274
Exploration site	136,821	29,158	976	104,139	271,094
Geological	23,585	1,458	364	-	25,407
Legal	96,613	50,995	1,004	8,831	157,443
Salaries	294,191	-	-	236,982	531,173
Supplies	1,790	7,729	-	7,514	17,033
Travel	-	14,416	-	-	14,416
	766,172	531,286	4,366	901,688	2,203,512
Acquisition costs					
Property / concession / option payments	24,196	40,247	42,815	78,665	185,923
Other					
Foreign exchange movement	257,323	127,540	86,520	67,321	538,704
Impairment provision	-	(2,858,019)	-	-	(2,858,019)
Balance at December 31, 2022	4,586,084	-	1,541,985	1,199,817	7,327,886
Exploration costs					
Assay analysis	-	-	-	4,024	4,024
Camp supplies	19,703	-	-	20,447	40,150
Community relations	-	-	-	14,295	14,295
Depreciation	18,148	-	-	3,760	21,908
Environmental studies	-	-	2,100	-	2,100
Equipment maintenance	4,271	-	-	2,579	6,850
Exploration site	34,804	-	-	29,693	64,497
Geological	-	-	20,277	372	20,649
Legal	-	-	181	-	181
Salaries	64,850	-	-	82,993	147,843
	141,776	-	22,558	158,163	322,497
Acquisition costs					
Property / concession / option payments	-	-	2,786	10,575	13,361
Other					
Foreign exchange movement	(4,006)	-	(1,369)	(1,318)	(6,693)
Balance at March 31, 2023	4,723,854	-	1,565,960	1,367,237	7,657,051

4. Exploration and Evaluation Assets (continued)

The Company holds interests in the following properties in Ecuador:

(a) ***Macara Project***

The Macara Project comprises two concessions 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 Concession") located in the province of Loja, Ecuador. The Macara Vendor is currently an employee of the Company however, at the time the Macara Vendor acquired the Macara concessions they were at arm's length to the Company.

Pursuant to the terms of the Macara Option the Company has paid US $200,000 and agreed to make additional cash payments totalling US $400,000 (collectively the "Option Proceeds"), as follows:

- US $200,000 on the earlier of a NI43-101 resource calculation or November 6, 2021; and
- US $200,000 on the earlier of a preliminary economics assessment or November 21, 2024.

The Macara Vendor also 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.

As at March 31, 2023 the Company has incurred $725,784 (December 31, 2022 - $724,451) of costs on the Macara Project; and

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

As at March 31, 2023 the Company has incurred $3,998,070 (December 31, 2022 - $3,861,633) of costs on the Bonanza Concession.

(b) ***Ruminahui Project***

The Company owns a 100% interest in two concessions (the "Ruminahui Project") located in the province of Pichincha, Ecuador. During fiscal 2022 the Company completed its evaluation of drilling results conducted on the Ruminahui Project and recorded an impairment charge of $2,858,019 in fiscal 2022 for capitalized costs.

(c) ***Los Osos Concession***

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. The Los Osos Vendor is currently an employee of the Company however, at the time the Los Osos Vendor acquired the Los Osos concession they were at arm's length to the Company. Pursuant to the terms of the agreement the Company may earn the following interests by payments of:

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

Interest	Amount US $	
15% on March 21, 2019	35,000	(paid)
15% on March 21, 2020	35,000	(paid)
20% on March 21, 2021	50,000	(paid)
25% on March 21, 2022	65,000	(paid US $30,000)*
25% on March 21, 2023	65,000	*
	250,000	

* The Company and the Los Osos Vendor have agreed to defer the remaining US $100,000 in option payments to a date to be determined.

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

(d) ***El Potro Concession***

On August 30, 2021 the Company entered into an option to purchase agreement whereby the Company has been granted the mineral title (the "El Potro Concession") located in the province of Loja, Ecuador. As at March 31, 2023 the Company has paid a total of US $100,000 and agreed to make additional cash payments totalling US $1,050,000, as follows:

	Amount US $
Second anniversary	100,000
Third anniversary	150,000
Fourth anniversary	200,000
Fifth anniversary	600,000
	1,050,000

5. Investment in Associated Companies

The Company holds ownership interests in the following associates:

Associate	Ownership Interest	March 31 2023 $	December 31, 2022 $
Salazar Holdings Ltd. ("Salazar Holdings")	25%	14,538,875	14,680,601
Minera Dos Gemas M2G S.A. ("Dos Gemas")	20%	-	-
Santos Resources Ltd. ("Santos Resources")	26%	2,388,105	2,304,651
		16,926,980	16,985,252

(a) ***Salazar Holdings - Curipamba Project***

Salazar Holdings holds a 100% interest in the Curipamba Project, consisting of seven concessions located in the provinces of Bolivar and Los Rios, Ecuador. The Curipamba Project is subject to a 2% net smelter return royalty ("NSR").

(Unaudited - Expressed in Canadian Dollars)

5. Investment in Associated Companies (continued)

On September 14, 2017, as amended September 19, 2019, the Company entered into a definitive option agreement (the "Curipamba Option") whereby Adventus Mining Corporation ("Adventus") would earn (the "Earn-In") a 75% interest in Salazar Holdings 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. In December 2021 Adventus delivered the completed feasibility study and provided written notice of its exercise of the Earn-in. Effective December 31, 2021 the Company agreed to the transfer of a 75% ownership interest in Salazar Holdings to Adventus, reducing its interest to 25%, under a shareholders' agreement (the "Salazar Holdings Shareholders' Agreement"), dated January 4, 2022.

In accordance with IFRS 10, *Consolidated Financial Statements*, the Company has derecognized the assets and liabilities of Salazar Holdings and recognized the 25% interest as investment in associated company at its fair value of $15,081,000. The Company will continue to account for the investment in Salazar Holdings using the equity method. As the Option Exercise Date occurred on December 31, 2021 there was no equity income adjustment for fiscal 2021. In addition, on the Option Exercise Date the Company reclassified $5,551,762 from the Accumulated Other Comprehensive Income (Loss) ("AOCI"), this being the cumulative amount of exchange differences relating to Salazar Holdings.

Adventus agreed to 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 $1,750,000. As at March 31, 2023 the Company had received total advance payments of US $1,500,000.

Adventus is required to fund 100% of the development and construction expenditures to commercial production. Upon achievement of commercial production, Adventus will receive 95% of the dividends from the Curipamba Project until its aggregate investment, including advance payments, has been recouped minus the approximate Company carrying value of US $19,800,000 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 paid the Company a 10% management fee on certain expenditures during the term of the Curipamba Option, with a prescribed minimum annual amount of US $350,000. As part of the Salazar Holdings Shareholders' Agreement, during the three months ended March 31, 2023, the Company earned a management fee of $67,665 (2022 - $31,620). This annual fee will be negotiated in subsequent years.

Prior to the Earn-in, drilling services required by Adventus' exploration program as part of Adventus' Earn-In were being provided by a subsidiary of the Company. As part of the Salazar Holdings shareholders agreement a subsidiary of the Company has the first right of refusal to provide drilling services. 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 shared in the risks and benefits that result from the drilling services Adventus was not considered a customer and the drilling services were not in the scope of IFRS 15 - *Revenue from Contracts with Customers*.

During the three months ended March 31, 2023 the Company recorded $202,132 (2022 - $nil) revenue and incurred $385,056 (2022 - $nil) operating costs resulting in $182,924 (2022-$nil) net drill expenses.

The Company's investment in Salazar Holdings is as follows:

	$
Balance, December 31, 2021	15,081,000
Equity loss	(400,399)
Balance, December 31, 2022	14,680,601
Equity loss	(141,726)
Balance, March 31, 2023	14,538,875

(Unaudited - Expressed in Canadian Dollars)

5. Investment in Associated Companies (continued)

Salazar Holdings' aggregate assets, aggregate liabilities and comprehensive loss are as follows:

	As at March 31, 2023 $	As at December 31, 2022 $
Current assets	4,896,729	14,568,630
Non-current assets	129,118,772	119,045,266
Current liabilities	(6,222,843)	(6,036,318)
Non-current liabilities	(19,110,773)	(18,923,442)
Net assets	108,681,885	108,654,136

	Three months Ended March 31,	
	2023 $	2022 $
Total comprehensive loss for the period	(566,905)	(129,364)

(b) ***Dos Gemas - 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 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. During fiscal 2018 Adventus assumed control of Dos Gemas and, as such, the Company derecognized the assets and liabilities of Dos Gemas from the consolidated financial statements. The remaining 20% investment retained in Dos Gemas was recognized at fair value when control was assumed by Adventus and the Company subsequently accounted for its investment using the equity method. The Company's share of losses exceeds its interest in Dos Gemas and, as such, the Company has discontinued recognizing its share of any further losses as there are no legal or constructive obligations.

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.

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 whereby Adventus has issued 2,536,232 Adventus common shares at an ascribed value of $2,028,986, paid a total of $195,705 (US $150,000) cash and fulfilled its US $1,000,000 minimum exploration commitments. The official transfer of the Pijili Project was completed in May 2021.

(Unaudited - Expressed in Canadian Dollars)

5. Investment in Associated Companies (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 whereby Adventus has issued 1,268,116 Adventus common shares, at an ascribed value of $1,014,492, paid a total of $97,118 (US $75,000) cash and fulfilled its US $500,000 minimum exploration commitments. The official transfer of the Santiago Project was completed in fiscal 2019. 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.

Dos Gemas' aggregate assets, aggregate liabilities and comprehensive loss are as follows:

	As at March 31, 2023 $	As at December 31, 2022 $
Current assets	240,357	22,506
Non-current assets	15,572,142	10,817,125
Current liabilities	(114,055)	(74,855)
Non-current liabilities	(15,727,120)	(10,784,286)
Net assets (liabilities)	(28,676)	(19,510)

	Three Months Ended March 31, 2023 $	Three Months Ended March 31, 2022 $
Total comprehensive loss for the period	-	-

(c) ***Santos Resources - 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 up to a 100% interest in the Los Santos Concession, located in southwest Ecuador. Pursuant to the terms of the Los Santos LOI the Company made an initial payment of US $25,000 in December 2020 and, at Mesaloma's election, in January 2021 the Company issued 177,283 units, comprising 177,283 common shares and 88,642 warrants, with each warrant entitling Mesaloma to acquire an additional common share at a price of $0.385 per share, expiring July 22, 2022. The value assigned to the common shares was $62,935 and to the warrants was $11,523 for a total fair value of $74,458. The fair value of the warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.14%; expected volatility of 83%; an expected life of 1.5 years; a dividend yield of 0%; and an expected forfeiture rate of 0%.

On November 24, 2021, as amended on 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, a company incorporated to hold a 100% beneficial interest in the Los Santos Concession, by making option payments (the "Option Payments") totalling US $1,950,000, as follows:

(i) paid a total of US$150,000 (the "First Option Exercise Payment") and earned an initial 26% interest;
(ii) US$250,000 (the "Second Option Exercise Payment") on or before the 12 month anniversary of the date of making the First Option Exercise Payment to earn an additional 25% interest (for a total of 51%);
(iii) US$350,000 (the "Third Option Exercise Payment") on or before the 12 month anniversary of the date of making the Second Option Exercise Payment to earn an additional 10% interest (for a total of 61%);

(Unaudited - Expressed in Canadian Dollars)

5. Investment in Associated Companies (continued)

(iv) US$500,000 (the "Fourth Option Exercise Payment") on or before the 12 month anniversary of the date of making the Third Option Exercise Payment to earn an additional 19% interest (for a total of 80%); and

(v) US$700,000 to the Optionor on or before the 12 month anniversary of the date of payment of the Fourth Option Exercise Payment to earn an additional 10% interest (for a total of 90%) (the "Fifth Earn-in Option").

The Optionor can elect to receive any of the Option Payments, in lieu of the respective cash amounts, in units of the Company. Each unit will comprise one common share and one-half share purchase warrant. Each unit will be issuable at the greater of $0.23 or the five-day volume weighted average price of the Company's common shares minus a discount of 7.5% from the market price prior to the payment date. Each warrant will be exercisable for 18 months at the greater of $0.305 or the market price prior to the payment date.

Upon the Company having earned a beneficial 90% interest in the Santos Resources the Company may acquire the remaining 10% interest by paying the Optionor US $2,000,000 and granting a 1.5% NSR, which may be repurchased by the Company for a price of US $1,250,000 per 0.5% NSR.

The Company's investment in Santos Resources is as follows:

	$
Balance, December 31, 2022	2,304,651
Additional costs incurred towards earn-in	83,454
Balance, March 31, 2023	2,388,105

Santos Resources' aggregate assets, aggregate liabilities and comprehensive loss are as follows:

	As at March 31, 2023 $	As at December 31, 2022 $
Current assets	43,383	30,937
Non-current assets	2,388,105	2,304,651
Current liabilities	(13,533)	(6)
Net assets	2,417,955	2,335,582

	Three Months Ended March 31,	
	2023 $	2022 $
Total comprehensive loss for the period	-	-

(Unaudited - Expressed in Canadian Dollars)

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) *Reconciliation of Changes in Share Capital*

Fiscal 2022

On October 24, 2022 the Company announced its intention to conduct a non-brokered private placement financing of approximately 30,000,000 common shares at $0.10 per share (the "$0.10 Financing"). As at December 31, 2022 the Company had completed tranche closings and issued a total of 26,314,796 common shares for $2,631,479. The Company paid a finders' fee of $3,000 cash and issued 1,000,000 common shares at an ascribed value of $100,000. The Company incurred $16,702 for legal, filing and other associated costs.

Directors and officers of the Company purchased 4,017,623 common shares of this private placement.

Three Months Ended March 31, 2023

In January 2023 the Company completed the final tranche of the $0.10 Financing and issued 3,685,210 common shares for $368,521.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at March 31, 2023 and 2022 and the changes for the three months ended on those dates is as follows:

	2023		2022	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning and end of period	2,114,320	0.24	2,202,962	0.25

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at March 31, 2023:

Number	Exercise Price $	Expiry Date
1,000,000	0.12	February 16, 2024
1,114,320	0.35	February 2, 2026
2,114,320		

(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.

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

During the three months ended March 31, 2023 and 2022 the Company did not grant any options. During the three months ended March 31, 2023 the Company recorded share-based compensation of $30,736 (2022 - $67,620) on the vesting of share options preciously granted.

A summary of the Company's share options at March 31, 2023 and 2022 and the changes for the three months ended on those dates, is as follows:

	2023		2022	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	6,887,000	0.19	6,937,000	0.19
Exercised	-	-	(50,000)	0.135
Balance, end of period	6,887,000	0.19	6,887,000	0.19

The following table summarizes information about the share options outstanding and exercisable at March 31, 2023:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
1,000,000	1,000,000	0.12	January 25, 2024
3,537,000	3,537,000	0.135	February 14, 2024
1,850,000	616,666	0.29	April 6, 2026
500,000	166,666	0.37	June 14, 2026
6,887,000	5,320,332		

See also Note 13.

(e) ***Restricted Share Units ("RSU") Plan***

On August 27, 2020 the Company adopted a restricted share unit plan (the "RSU Plan"). The RSU Plan provides for the issuance of up to 1,000,000 restricted share units (the "RSUs"). Under the RSU Plan, RSUs may be granted to directors, officers, employees and consultants of the Company (excluding investor relations consultants) as partial compensation for the services they provide to the Company. The RSU Plan is a fixed number plan, and the number of common shares issued under the RSU Plan, when combined with the number of stock options available under the Company's share option plan, will not exceed 10% of the Company's outstanding common shares.

A summary of the Company's RSUs at March 31, 2023 and 2022 and the changes for the three months ended on those dates, is as follows:

	2023 Number of RSUs	2022 Number of RSUs
Balance, beginning and end of period	863,000	863,000

763,000 RSUs vest on April 6, 2023 and 100,000 RSUs vest on June 14, 2023. During the three months ended March 31, 2023 the Company recorded share-based compensation of $31,842 (2022 - $31,842) relating to the RSUs.

(Unaudited - Expressed in Canadian Dollars)

7. Related Party Disclosures

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

(a) *Compensation of Key Management Personnel*

During the three months ended March 31, 2023 and 2022 the following amounts were incurred with respect to the President & Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), and the Executive Vice-President of the Company:

	2023 $	2022 $
Salaries and fees	64,392	62,208
Health benefits	1,755	1,644
Share-based compensation - share options	12,945	28,479
Share-based compensation - RSUs	14,016	14,016
	93,108	106,347

As at March 31, 2023 $11,000 (December 31, 2022 - $22,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Other Related Party Transactions*

(i) During the three months ended March 31, 2023 and 2022 the following amounts were incurred with respect to non-executive directors of the Company:

	2023 $	2022 $
Consulting	22,335	20,844
Share-based compensation - share options	9,808	21,578
Share-based compensation - RSUs	8,493	8,493
	40,636	50,915

As at March 31, 2023 $10,454 (December 31, 2022 - $10,361) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the three months ended March 31, 2023 the Company incurred a total of $14,285 (2022 - $13,275) to Chase Management Ltd. ("Chase"), a private corporation owned by a director of the Company, for accounting and administration services provided by Chase personnel, excluding the director. As at March 31, 2023 $nil (December 31, 2022 - $9,481) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) During the three months ended March 31, 2023 the Company incurred $8,111 (2022 - $7,598) for equipment rental services and $16,222 (2022 - $15,196) for professional services provided by a private corporation controlled by the President and the CFO of the Company. As at March 31, 2023 $79,309 (December 31, 2022 - $79,373) remained unpaid and has been included in accounts payable and accrued liabilities.

(iv) During the three months ended March 31, 2023 the Company incurred $7,300 (2022 - $6,838) for storage rental provided by a private corporation controlled by the son of the President of the Company.

(v) See also Note 5.

(Unaudited - Expressed in Canadian Dollars)

8. Commitments

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

(a) When applying for new concessions via the public tender process in Ecuador, the Company, either directly or under option agreement, presented its investment offers for each concession. The investment offer represents the total amount that is required to be spent in order to maintain possession of the concession area at the end of the four-year investment period required by the Government of Ecuador. Accordingly, should the Company wish to retain possession of all the concession areas it holds as at March 31, 2023, the Company's commitment for fiscal 2023 is approximately US $1,800,000.

(b) Concessions in Ecuador that were not acquired via the public tender process require the Company to submit an annual expenditure plan to the Government of Ecuador outlining the minimum amount of committed expenditures for the upcoming year. The total obligation of the Company for these concession areas for fiscal 2023 is approximately US $250,000.

9. Other Income

	Three Months Ended March 31, 2023 $	2022 $
Management fees (Note 5(a))	67,665	31,620
Other	-	6,794
	67,665	38,414

10. 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	March 31, 2023 $	December 31, 2022 $
Cash and cash equivalents	FVTPL	1,708,028	2,165,730
Amounts receivable	Amortized cost	756,457	860,681
Accounts payable and accrued liabilities	Amortized cost	(688,185)	(619,622)

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.

10. Financial Instruments and Risk Management (continued)

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's cash and cash equivalents under the fair value hierarchy is measured using Level 1 inputs.

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

Credit Risk

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

Liquidity Risk

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

	Contractual Maturity Analysis at March 31, 2023				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash and cash equivalents	1,708,028	-	-	-	1,708,028
Amounts receivable	756,457	-	-	-	756,457
Accounts payable and accrued liabilities	(688,185)	-	-	-	(688,185)

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 March 31, 2023, 1 Canadian Dollar was equal to 0.74 US Dollar.

(Unaudited - Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management (continued)

Balances are as follows:

	US $	CDN $ Equivalent
Cash and cash equivalents	200,806	271,359
Amounts receivable	564,167	756,457
VAT receivable	63,476	85,778
Accounts payable and accrued liabilities	(452,109)	(610,958)
	376,340	502,636

Based on the net exposures as of March 31, 2023 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 comprehensive loss being approximately $58,000 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.

11. Supplemental Cash Flow Information

During the three months ended March 31, 2023 and 2022 non-cash activities were conducted by the Company as follows:

	2023 $	2022 $
Operating activity		
Depreciation	21,908	11,044
Investing activity		
Exploration and evaluation assets	(21,908)	(11,044)
Financing activities		
Issuance of common shares	-	5,000
Share-based payments reserve	-	(5,000)
	-	-

(Unaudited - Expressed in Canadian Dollars)

12. Segmented Information

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

	March 31, 2023		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	1,663,660	1,623,771	3,287,431
Property, plant and equipment	-	1,083,175	1,083,175
Exploration and evaluation assets	-	7,657,051	7,657,051
Investment in associated companies	16,926,980	-	16,926,980
	18,590,640	10,363,997	28,954,637

	December 31, 2022		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	2,123,543	1,704,000	3,827,543
Property, plant and equipment	-	1,134,228	1,134,228
Exploration and evaluation assets	-	7,327,886	7,327,886
Investment in associated companies	16,985,252	-	16,985,252
	19,108,795	10,166,114	29,274,909

13. Events after the Reporting Period

(a) On May 23, 2023 the Company granted share options to purchase 8,500,000 common shares of the Company at an exercise price of $0.10 per share expiring May 23, 2028.

(b) See also Note 6(e).