SALAZAR RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2017

(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	June 30, 2017 $	December 31, 2016 $
ASSETS			
Current assets			
Cash		2,079,929	1,640,610
Amounts receivable		5,297	9,421
GST receivable		3,394	2,026
Prepaid expenses and deposits		60,468	36,701
Total current assets		2,149,088	1,688,758
Non-current assets			
Investment		3,480	4,133
Property, plant and equipment	3	274,282	325,001
Exploration and evaluation assets	4	15,964,668	17,060,454
Total non-current assets		16,242,430	17,389,588
TOTAL ASSETS		18,391,518	19,078,346
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	416,549	257,239
TOTAL LIABILITIES		416,549	257,239
SHAREHOLDERS' EQUITY			
Share capital	5	37,659,558	37,659,558
Share-based payments reserve		5,127,221	5,127,221
Deficit		(24,752,140)	(23,906,655)
Accumulated other comprehensive loss		(59,670)	(59,017)
TOTAL SHAREHOLDERS' EQUITY		17,974,969	18,821,107
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18,391,518	19,078,346

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on August 24, 2017 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) INCOME
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended June 30		Six Months Ended June 30	
		2017 $	2016 $	2017 $	2016 $
Expenses					
Accounting and administration	6(b)	13,959	13,613	27,896	18,413
Audit		46,188	31,355	59,264	39,780
Consulting	6(b)	10,088	39,656	20,010	74,706
Corporate development		174	-	25,932	10,321
Depreciation		16,778	22,135	34,458	44,738
General exploration		52,786	7,230	106,837	12,361
Interest expense		-	-	-	64,371
Legal		15,377	39,932	22,321	41,290
Office		33,974	60,549	107,927	79,462
Regulatory		4,634	4,308	11,224	5,608
Rent		7,220	-	14,741	502
Salaries and benefits	6(a)	159,218	94,940	334,535	186,752
Shareholder costs		1,125	838	1,125	920
Transfer agent		727	1,584	1,760	3,774
Travel		-	-	1,957	1,608
		362,248	316,140	769,987	584,606
Loss before other items		(362,248)	(316,140)	(769,987)	(584,606)
Other items					
Interest income		4,919	134	6,538	222
Other income	6(b)	-	-	-	97,491
Reversal of accounts payable and accrued liabilities		-	-	-	129,027
Forgiveness of debt		-	332,122	-	332,122
Foreign exchange		(64,062)	10,882	(82,036)	182,934
		(59,143)	343,138	(75,498)	741,796
Net (loss) income for the period		(421,391)	26,998	(845,485)	157,190
Other comprehensive (loss) gain		(653)	1,957	(653)	3,697
Comprehensive (loss) income for the period		(422,044)	28,955	(846,138)	160,887
Basic and diluted (loss) income per common share		$(0.00)	$0.00	$(0.01)	$0.00
Weighted average number of common shares outstanding		114,153,606	93,486,019	114,153,606	78,491,881

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)

	Six Months Ended June 30, 2017					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Investment Valuation $	Deficit $	Total Equity $
Balance at December 31, 2016	114,153,606	37,659,558	5,127,221	(59,017)	(23,906,655)	18,821,107
Unrealized loss on investment	-	-	-	(653)	-	(653)
Net loss for the period	-	-	-	-	(845,485)	(845,485)
Balance at June 30, 2017	114,153,606	37,659,558	5,127,221	(59,670)	(24,752,140)	17,974,969

	Six Months Ended June 30, 2016					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Investment Valuation $	Deficit $	Total Equity $
Balance at December 31, 2015	63,497,743	34,652,301	4,337,221	(60,757)	(22,733,981)	16,194,784
Common shares issued for:						
cash - private placement	22,293,398	1,337,604	-	-	-	1,337,604
shares for debt	19,877,615	1,192,657	-	-	-	1,192,657
Share issue costs	-	(36,904)	-	-	-	(36,904)
Unrealized gain on investment	-	-	-	3,697	-	3,697
Net income for the period	-	-	-	-	157,190	157,190
Balance at June 30, 2016	105,668,756	37,145,658	4,337,221	(57,060)	(22,576,791)	18,849,028

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)

	Six Months Ended June 30, 2017 $	Six Months Ended June 30, 2016 $
Operating activities		
Net (loss) income for the period	(845,485)	157,190
Adjustments for:		
Depreciation	34,458	44,738
Interest	-	64,371
Foreign exchange	-	(86,021)
Changes in non-cash working capital items:		
Amounts receivable	4,124	387
GST receivable	(1,368)	(7,533)
Prepaid expenses and deposits	(23,767)	(8,091)
Accounts payable and accrued liabilities	242,969	(715,570)
Accrued interest payable	-	(1,688)
Net cash used in operating activities	(589,069)	(552,217)
Investing activities		
Expenditures on exploration and evaluation assets	(2,162,115)	(734,481)
Additions to property, plant and equipment	(2,447)	(3,323)
Proceeds from sale of royalty interest	3,192,950	-
Net cash provided by (used in) investing activities	1,028,388	(737,804)
Financing activities		
Issuance of share capital	-	1,337,604
Share issue costs	-	(36,904)
Advances received	-	168,839
Advances repaid	-	(128,280)
Net cash provided by financing activities	-	1,341,259
Net change in cash	439,319	51,238
Cash at beginning of period	1,640,610	43,249
Cash at end of period	2,079,929	94,487

Supplemental Cash Flow Information - see Note 8

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

1. Nature of Operations

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

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

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

The Company's operations have been primarily funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. On April 19, 2017 the Company sold a 1% NSR on its Curipamba Project for US $2,750,000 cash proceeds, as described in Note 4(i). As at June 30, 2017 the Company had working capital of $1,732,539 and an accumulated deficit of $24,752,140. Management considers that the Company has adequate resources to maintain its core operations and planned 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, 2016, 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, 2016.

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.

(Unaudited - Expressed in Canadian Dollars)

3. Property, Plant and Equipment

	Land $	Drill Rigs and Equipment $	Total $
Cost:			
Balance at December 31, 2015	93,299	861,004	954,303
Additions	-	94,848	94,848
Disposal	-	(28,876)	(28,876)
Balance at December 31, 2016	93,299	926,976	1,020,275
Additions	-	2,447	2,447
Balance at June 30, 2017	93,299	929,423	1,022,722
Accumulated Depreciation and Impairment:			
Balance at December 31, 2015	-	(627,973)	(627,973)
Depreciation	-	(96,177)	(96,177)
Disposal	-	28,876	28,876
Balance at December 31, 2016	-	(695,274)	(695,274)
Depreciation	-	(53,166)	(53,166)
Balance at June 30, 2017	-	(748,440)	(748,440)
Carrying Value:			
Balance at December 31, 2016	93,299	231,702	325,001
Balance at June 30, 2017	93,299	180,983	274,282

4. Exploration and Evaluation Assets

	As at June 30, 2017			As at December 31, 2016		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Ecuador						
Curipamba	1,701,227	13,666,712	15,367,939	1,316,973	15,172,442	16,489,415
Ruminahui	1	-	1	1	-	1
Santiago	369,350	227,377	596,727	346,032	225,005	571,037
Mendez	1	-	1	1	-	1
	2,070,579	13,894,089	15,964,668	1,663,007	15,397,447	17,060,454

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

	Ecuador				
	Curipamba $	**Ruminahui** $	**Santiago** $	**Mendez** $	**Total** $
Balance at December 31, 2015	18,170,456	1	497,945	1	18,668,403
Exploration costs					
Camp supervision and personnel	190,605	-	-	-	190,605
Camp supplies	278,208	-	-	-	278,208
Community relations	43,570	-	-	-	43,570
Depreciation	29,176	-	-	-	29,176
Drilling	87,166	-	-	-	87,166
Environmental studies	6,875	-	-	-	6,875
Exploration site	176,563	-	3,525	-	180,088
Geological	-	-	42,291	-	42,291
Legal	22,250	-	-	-	22,250
Road maintenance	15,303	-	-	-	15,303
Supplies	108,434	-	-	-	108,434
Travel and mobilization	11,584	-	-	-	11,584
Vehicles	41,277	-	-	-	41,277
	1,011,011	-	45,816	-	1,056,827
Acquisition costs					
Property / concession payments	407,323	-	27,276	-	434,599
Sale of royalty interest	(3,099,375)	-	-	-	(3,099,375)
Balance at December 31, 2016	16,489,415	1	571,037	1	17,060,454
Exploration costs					
Assay analysis	28,558	-	-	-	28,558
Camp supervision and personnel	930,957	-	-	-	930,957
Camp supplies	262,956	-	-	-	262,956
Community relations	60,970	-	-	-	60,970
Depreciation	18,708	-	-	-	18,708
Drilling and related costs	93,014	-	-	-	93,014
Environmental studies	10,763	-	-	-	10,763
Exploration site	94,043	-	2,372	-	96,415
Geological	58,050	-		-	58,050
Road maintenance	88,681	-	-	-	88,681
Vehicles	40,520	-	-	-	40,520
	1,687,220	-	2,372	-	1,689,592
Acquisition costs					
Property / concession payments	384,254	-	23,318	-	407,572
Sale of royalty interest	(3,192,950)	-	-	-	(3,192,950)
Balance at June 30 , 2017	15,367,939	1	596,727	1	15,964,668

4. Exploration and Evaluation Assets (continued)

Ecuador

The Company holds interests in the following properties in Ecuador:

(i) 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 a 1% NSR for US $2,375,000. On April 19, 2017 the Company closed on the sale of the remaining 1% NSR for a further US $2,375,000.

(ii) Ruminahui Project

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

One concession, the Moncayo concession, is being acquired pursuant to an option agreement. As at March 31, 2017 there remains US $50,000 of option payments outstanding.

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. Accordingly all subsequent costs incurred on the Ruminahui Project are expensed as general exploration costs.

(iii) Santiago Concession

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

(iv) Mendez Project

The Company owns a 100% interest in two concessions in the province of Morona Santiago, Ecuador. In prior years the Company has only made partial payments on these concessions. During fiscal 2015 the Company recorded an impairment charge of $720,969 to reduce the carrying value of the Mendez Project to a nominal amount of $1. Accordingly all subsequent costs incurred on the Mendez Project are expensed as general exploration costs.

5. 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.

(Unaudited - Expressed in Canadian Dollars)

5. Share Capital (continued)

(b) *Equity Financings*

No financings were completed during the six months ended June 30, 2017.

During fiscal 2016 the Company:

(i) completed a non-brokered private placement financing of 22,293,398 units, at a price of $0.06 per unit for $1,337,604. Each unit consisted of one common share of the Company and a one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.12 per share, expiring April 27, 2018. RCF VI purchased $1,033,774 of the private placement;

(ii) negotiated debt settlements with both insiders and non-insiders of the Company in regards to accrued and unpaid compensation pursuant to which $332,122 of debt was forgiven and $336,008 was settled by the issuance of 5,600,132 common shares of the Company at a price of $0.06 per share; and

(iii) issued a total of 22,762,333 units of the Company, on the same terms as the private placement units, in settlement of the advances, Promissory Notes and accrued interest payable.

The Company incurred $32,095 of share issue costs relating to the private placement and debt settlements.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at June 30, 2017 and 2016 and the changes for the six months ended on those dates is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	22,527,863	0.12	5,602,030	0.18
Issued	-	-	18,285,440	0.12
Expired	-	-	(5,602,030)	0.18
Balance, end of period	22,527,863	0.12	18,285,440	0.16

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at June 30, 2017:

Number	Exercise Price $	Expiry Date
18,285,440	0.12	April 27, 2018
4,242,423	0.12	July 18, 2018
22,527,863		

(Unaudited - Expressed in Canadian Dollars)

5. Share Capital (continued)

(d) *Share Option Plan*

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

No share options were granted during the six months ended June 30, 2017 and 2016.

A summary of the Company's share options at June 30, 2017 and 2016 and the changes for the six months ended on those dates, is as follows:

	2017		2016	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning and end of period	7,900,000	0.14	-	-

The following table summarizes information about the share options outstanding and exercisable at June 30, 2017:

Number	Exercise Price $	Expiry Date
7,900,000	0.14	December 1, 2021

6. 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) *Transactions with Key Management Personnel*

During the six months ended June 30, 2017 and 2016 the following amounts were incurred with respect to the President and the Chief Financial Officer ("CFO") of the Company:

	2017 $	2016 $
Salaries	112,056	79,902
Health benefits	2,255	2,251
	114,311	82,153

(Unaudited - Expressed in Canadian Dollars)

6. Related Party Disclosures (continued)

(b) *Transactions with Other Related Parties*

(i) During the six months ended June 30, 2017 and 2016 the following amounts were incurred with respect non-executive directors of the Company:

	2017 $	2016 $
Consulting	20,010	44,716

(ii) During the six months ended June 30, 2017 the Company incurred a total of $27,896 (2016 - $18,413) 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 June 30, 2017, $4,542 (December 31, 2016 - $4,699) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) During the six months ended June 30, 2016 the Company recorded $97,491 as other income from the rental of one of its drill rigs to a private Ecuadorian company, the shareholders of which include an employee of the Company and the son of the Company's President.

7. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following five categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; available-for-sale and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	June 30, 2017 $	December 31, 2016 $
Cash	FVTPL	2,079,929	1,640,610
Amounts receivable	Loans and receivables	5,297	9,421
Investment	Available-for-sale	3,480	4,133
Accounts payable and accrued liabilities	Other financial liabilities	(416,549)	(257,239)

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.

(Unaudited - Expressed in Canadian Dollars)

7. Financial Instruments and Risk Management (continued)

The recorded amounts for amounts receivable, accounts payable and accrued liabilities, approximate their fair value due to their short-term nature. The Company's cash and investment 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:

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 June 30, 2017				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	2,079,929	-	-	-	2,079,929
Amounts receivable	5,297	-	-	-	5,297
Investment	-	-	3,480	-	3,480
Accounts payable and accrued liabilities	(416,549)	-	-	-	(416,549)

	Contractual Maturity Analysis at December 31, 2016				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	1,640,610	-	-	-	1,640,610
Amounts receivable	9,421	-	-	-	9,421
Investment	-	-	4,133	-	4,133
Accounts payable and accrued liabilities	(257,239)	-	-	-	(257,239)

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.

7. **Financial Instruments and Risk Management** (continued)

(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 June 30, 2017, 1 Canadian Dollar was equal to 0.77 US Dollar.

Balances are as follows:

	US $	CDN $ Equivalent
Cash	1,598,675	2,076,202
Amounts receivable	4,082	5,297
Accounts payable and accrued liabilities	(239,279)	(310,751)
	1,363,478	1,770,748

Based on the net exposures as of June 30, 2017 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's net income being approximately $175,500 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.

8. **Supplemental Cash Flow Information**

During the six months ended June 30, 2017 and 2016 non-cash activities were conducted by the Company as follows:

	2017 $	2016 $
Operating activities		
Accounts payable and accrued liabilities	(83,659)	(500,343)
Accrued interest payable		(136,217)
	(83,659)	(636,560)
Investing activity		
Changes to exploration and evaluation assets	83,659	164,336
Financing activities		
Issuance of share capital	-	1,192,657
Advances repaid	-	(720,433)
	-	472,224

(Unaudited - Expressed in Canadian Dollars)

9. 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.

	June 30, 2017		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	1,096,759	1,052,329	2,149,088
Investment	3,480	-	3,480
Property, plant and equipment	-	274,282	274,282
Exploration and evaluation assets	-	15,964,668	15,964,668
	1,100,239	17,291,279	18,391,518

	December 31, 2016		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	1,523,898	164,860	1,688,758
Investment	4,133	-	4,133
Property, plant and equipment	-	325,001	325,001
Exploration and evaluation assets	-	17,060,454	17,060,454
	1,528,031	17,550,315	19,078,346