SALAZAR RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2016

(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 Canadian Institute of Chartered Accountants 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, 2016 $	December 31, 2015 $
ASSETS			
Current assets			
Cash		38,122	43,249
Amounts receivable		1,281	2,322
GST receivable		2,088	571
Prepaid expenses and deposits		77,436	66,370
Total current assets		118,927	112,512
Non-current assets			
Investment		4,133	2,393
Property, plant and equipment	3	303,727	326,330
Exploration and evaluation assets	4	18,999,195	18,668,403
Deferred share issue costs	12(a)(i)	4,768	-
Total non-current assets		19,311,823	18,997,126
TOTAL ASSETS		19,430,750	19,109,638
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7,8,12	1,395,304	1,566,334
Accrued interest payable	5	192,262	137,825
Advances	5	1,212,638	1,210,695
TOTAL LIABILITIES		2,800,204	2,914,854
SHAREHOLDERS' EQUITY			
Share capital	6	34,652,301	34,652,301
Share subscriptions received	12(a)(i)	303,830	-
Share-based payments reserve		4,337,221	4,337,221
Deficit		(22,603,789)	(22,733,981)
Accumulated other comprehensive loss		(59,017)	(60,757)
TOTAL SHAREHOLDERS' EQUITY		16,630,546	16,194,784
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		19,430,750	19,109,638

Nature of Operations and Going Concern - See Note 1

Events after the Reporting Period - Note 12

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 30, 2016 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 INCOME (LOSS)
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended March 31 2016 $	Three Months Ended March 31 2015 $
Expenses			
Accounting and administration	7(b)	4,800	5,700
Audit		8,425	21,455
Consulting	7(b)	35,050	56,685
Corporate development		10,321	12,336
Depreciation		22,603	21,495
General exploration		5,131	-
Interest expense	7(b)	64,371	8,842
Legal		1,358	18,097
Office		18,913	17,186
Regulatory		1,300	1,478
Rent		502	3,253
Salaries and benefits	7(a)	91,812	113,090
Shareholder costs		82	420
Transfer agent		2,190	894
Travel		1,608	3,024
		268,466	283,955
Loss before other items		(268,466)	(283,955)
Other items			
Interest income		88	108
Other income	7(b)	97,491	-
Reversal of accounts payable and accrued liabilities	8	129,027	-
Foreign exchange		172,052	(92,091)
		398,658	(91,983)
Net income (loss) for the period		130,192	(375,938)
Other comprehensive gain (loss)		1,740	(870)
Comprehensive income (loss) for the period		131,932	(376,808)
Basic and diluted income (loss) per common share		$0.00	$(0.01)
Weighted average number of common shares outstanding		63,497,743	63,497,743

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)

	Three Months Ended March 31, 2016						
	Share Capital						
	Number of Shares	Amount $	Share Subscriptions Received $	Share-Based Payments Reserve $	Deficit $	Accumulated Other Comprehensive (Loss) Gain $	Total Equity $
Balance at December 31, 2015	63,497,743	34,652,301	-	4,337,221	(22,733,981)	(60,757)	16,194,784
Share subscriptions received	-	-	303,830	-	-	-	303,830
Unrealized gain on investment	-	-	-	-	-	1,740	1,740
Net income for the period	-	-	-	-	130,192	-	130,192
Balance at March 31, 2016	63,497,743	34,652,301	303,830	4,337,221	(22,603,789)	(59,017)	16,630,546

	Three Months Ended March 31, 2015					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Accumulated Other Comprehensive Loss $	Total Equity $
Balance at December 31, 2014	63,497,743	34,652,301	4,242,240	(19,922,074)	(59,235)	18,913,232
Unrealized loss on investment	-	-	-	-	(870)	(870)
Net loss for the period	-	-	-	(375,938)	-	(375,938)
Balance at March 31, 2015	63,497,743	34,652,301	4,242,240	(20,298,012)	(60,105)	18,536,424

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, 2016 $	Three Months Ended March 31, 2015 $
Operating activities		
Net income (loss) for the period	130,192	(375,938)
Adjustments for:		
Depreciation	22,603	21,495
Interest	64,371	8,842
Foreign exchange	(80,625)	26,897
Changes in non-cash working capital items:		
Amounts receivable	1,041	43
GST receivable	(1,517)	1,607
Prepaid expenses and deposits	(11,066)	620
Accounts payable and accrued liabilities	(101,340)	223,803
Net cash provided by (used in) operating activities	23,659	(92,631)
Investing activity		
Expenditures on exploration and evaluation assets	(400,482)	(379,939)
Net cash used in investing activity	(400,482)	(379,939)
Financing activities		
Advances received	72,634	814,187
Advances repaid	-	(176,404)
Share subscriptions received	303,830	-
Share issue costs	(4,768)	-
Net cash provided by financing activities	371,696	637,783
Net change in cash	(5,127)	165,213
Cash at beginning of period	43,249	49,236
Cash at end of period	38,122	214,449

Supplemental Cash Flow Information - see Note 10

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

These condensed consolidated interim financial statements have been prepared on a going concern basis. As at March 31, 2016 the Company had a working capital deficit of $2,681,277 and an accumulated deficit of $22,603,789. The Company has not yet produced any revenues from its resource interests and further funds will be required to fund existing levels of overhead, planned exploration expenditures and property payments over the course of the next twelve months. In addition, exploration activities may change due to ongoing results and recommendations, or the Company may acquire additional properties, which may entail significant funding or exploration commitments. In the immediate term the Company's ability to continue as a going concern is dependent upon continued financial support from existing shareholders and creditors. In addition the Company will need to raise additional capital from the sale of common shares or other equity or debt instruments. If the Company is unable to raise the necessary capital and generate sufficient cash flows to meet obligations as they come due, the Company may have to reduce or curtail its operations or obtain financing at unfavourable terms. The material uncertainty may cast significant doubt about the Company's ability to continue as a going concern. Furthermore, failure to continue as a going concern would require the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis. These condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

In April 2016 the Company agreed to a recapitalization plan, as described in Note 12.

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, 2015, 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, 2015.

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

Cost:	Land $	Drill Rigs and Equipment $	Other $	Total $
Balance at December 31, 2014	93,299	861,004	329,148	1,283,451
Write-off	-	-	(27,955)	(27,955)
Balance at December 31, 2015 and March 31, 2016	93,299	861,004	301,193	1,255,496
Accumulated Depreciation and Impairment:				
Balance at December 31, 2014	-	(537,346)	(308,702)	(846,048)
Depreciation	-	(90,627)	(13,903)	(104,530)
Write-off	-	-	21,412	21,412
Balance at December 31, 2015	-	(627,973)	(301,193)	(929,166)
Depreciation	-	(22,603)	-	(22,603)
Balance at March 31, 2016	-	(650,576)	(301,193)	(951,769)
Carrying Value:				
Balance at December 31, 2015	93,299	233,031	-	326,330
Balance at March 31, 2016	93,299	210,428	-	303,727

4. Exploration and Evaluation Assets

	As at March 31, 2016			As at December 31, 2015		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Ecuador						
Curipamba	4,264,829	14,211,957	18,476,786	4,009,025	14,161,431	18,170,456
Ruminahui	1	-	1	1	-	1
Santiago	342,400	180,007	522,407	318,756	179,189	497,945
Mendez	1	-	1	1	-	1
	4,607,231	14,391,964	18,999,195	4,327,783	14,340,620	18,668,403

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

	Ecuador				Colombia	
	Curipamba $	Ruminahui $	Santiago $	Mendez $	Other $	Total $
Balance at December 31, 2014	17,646,757	605,015	390,500	719,711	233,752	19,595,735
Exploration costs						
Camp supervision and personnel	164,917	-	8,730	-	-	173,647
Camp supplies	14,876	-	9,257	-	-	24,133
Environmental studies	11,667	1,907	5,725	-	-	19,299
Exploration site	24,881	-	2,946	-	-	27,827
Geological	-	-	50,458	-	-	50,458
Supplies	3,642	-	8,523	-	-	12,165
Travel and mobilization	7,924	-	-	-	-	7,924
Water and soil sampling	5,716	-	-	-	-	5,716
	233,623	1,907	85,639	-	-	321,169
Acquisition costs						
Property / concession payments	290,076	3,972	21,806	1,259	-	317,113
Impairment	-	(610,893)	-	(720,969)	(233,752)	(1,565,614)
Balance at December 31, 2015	18,170,456	1	497,945	1	-	18,668,403
Exploration costs						
Camp supervision and personnel	30,147	-	-	-	-	30,147
Camp supplies	3,583	-	-	-	-	3,583
Environmental studies	601	-	-	-	-	601
Exploration site	12,710	-	818	-	-	13,528
Supplies	2,124	-	-	-	-	2,124
Travel and mobilization	1,361	-	-	-	-	1,361
	50,526	-	818	-	-	51,344
Acquisition costs						
Property / concession payments	255,804	-	23,644	-	-	279,448
Balance at March 31 , 2016	18,476,786	1	522,407	1	-	18,999,195

(a) *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. See also Note 12.

(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 requests have been made by the Ecuador authorities of the unpaid amounts and the concessions have not been cancelled.

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

One concession, the Moncayo concession, is being acquired pursuant to an option agreement. As at March 31, 2016 there remains US $50,000 of option payments outstanding.

Although the Company intends to make the concession payments which are in arrears, the Company has limited unallocated working capital. Accordingly, during fiscal 2015 the Company recorded an impairment charge of $610,893 to a nominal amount of $1.

(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 ("NSR"). The Company may purchase a 0.75% 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. The Company can make applications to reduce the acreage of its concession holdings but, to date, no formal request has been made. Although the Company intends to make the concession payments which are in arrears, the Company has limited unallocated working capital. Accordingly, during fiscal 2015 the Company recorded an impairment charge of $720,969 to a nominal amount of $1.

On April 15, 2016 the Company received notification of its default on its concession payments on the Mendez Project. The Company has 60 days to make the payments totalling approximately US $87,000.

(b) *Colombia*

During fiscal 2015 the Company discontinued its activities in Colombia and, accordingly, recorded an impairment charge of $233,752 for exploration and evaluation costs incurred.

5. Advances

	March 31, 2016 $	December 31, 2015 $
Interest bearing advances (a)	259,230	203,463
Interest bearing advances (b)	499,423	522,832
Promissory notes (c)	453,985	484,400
	1,212,638	1,210,695

(a) The Company has received ongoing advances from the President and a private corporation controlled by the President and the CFO of the Company. Effective January 1, 2016 the advances bear interest at 10% per annum and have no fixed terms of repayment. During the three months ended March 31, 2016 the Company received advances of US $52,844 (fiscal 2015 - US $201,543) and repaid US $nil (fiscal 2015 - US $127,913). In addition, the Company recorded interest expense of $38,968. As at March 31, 2016 interest of $36,774 was unpaid.

(b) The advances, comprising US and Canadian dollar amounts, bear interest at 10% per annum and have no fixed terms of repayment. During the three months ended March 31, 2016 the Company received ongoing advances of $nil (fiscal 2015 - $341,680) and repaid advances of $nil (fiscal 2015 - $151,682). In addition, the Company recorded interest expense of $11,688 (2015 - $8,510). As at March 31, 2016 interest of $101,010 was unpaid.

(Unaudited - Expressed in Canadian Dollars)

5. Advances (continued)

The advances are due to a private corporation controlled by family members of the President of the Company and private corporations controlled by or affiliated with a director of the Company.

(c) During March 2015 the Company received US $350,000 and on May 1, 2015 issued promissory notes (the "Promissory Notes") and 4,038,417 non-transferable share purchase warrants. The Promissory Notes are unsecured, bear interest at 12% per annum, and matured on March 31, 2016. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.11 per share on or before May 1, 2016.

The fair value of the warrants issued was estimated using the the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate 0.72%; estimated volatility 101%; expected life 1 year; expected dividend yield 0%; and estimated forfeiture rate 0%. The value assigned to the warrants was $94,981 and has been recorded in interest expense.

During the three months ended March 31, 2016 the Company recorded interest expense of $13,715 (2015 - $332). As at March 31, 2016 interest of $54,478 was unpaid.

(d) Subsequent to March 31, 2016 the Company agreed to settle the outstanding advances and accrued interest payable through the issuance of units of the Company. See also Note 12(a)(ii).

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 completed during the three months ended March 31, 2016 or fiscal 2015.

See also Note 12.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at March 31, 2016 and 2015 and the changes for the three months ended on those dates is as follows:

	2016		2015	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	5,602,030	0.18	4,965,122	0.35
Expired	(427,250)	0.35	(1,277,538)	0.35
Balance, end of period	5,174,780	0.16	3,687,584	0.35

(Unaudited - Expressed in Canadian Dollars)

6. **Share Capital** (continued)

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at March 31, 2015:

Number	Exercise Price $	Expiry Date
1,136,363	0.35	April 24, 2016
4,038,417	0.11	May 1, 2016
5,174,780		

Subsequent to March 31, 2016 the above warrants expired without exercise.

(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 three months ended March 31, 2016 and 2015.

As at March 31, 2016 no share options were outstanding.

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) *Transactions with Key Management Personnel*

During the three months ended March 31, 2016 and 2015 the following amounts were incurred with respect to the President and the Chief Financial Officer ("CFO") of the Company:

	2016 $	2015 $
Salaries	41,235	46,541
Health benefits	1,162	2,098
	42,397	48,639

As at March 31, 2016, $297,272 (December 31, 2015 - $275,668) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

(i) During the three months ended March 31, 2016 and 2015 the following amounts were incurred with respect non-executive directors of the Company:

	2016 $	2015 $
Consulting	35,050	31,649

(Unaudited - Expressed in Canadian Dollars)

7. Related Party Disclosures (continued)

As at March 31, 2016, $358,000 (December 31, 2015 - $346,692) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the three months ended March 31, 2016 the Company incurred a total of $4,800 (2015 - $5,700) 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, 2016, $4,800 (December 31, 2015 - $4,600) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) During the three months ended March 31, 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 a former employee of the Company and the son of the Company's President.

(iv) During fiscal 2015 the Company incurred US $38,500 for geological services provided by a private corporation controlled by the President and the Chief Financial Officer of the Company on the Santiago Concession. As at March 31, 2016 the amount remains unpaid and has been included in accounts payable and accrued liabilities.

(c) See also Notes 5 and 12(a)(ii).

8. Reversal of Amounts Previously Recorded

During the three months ended March 31, 2016 the Company reviewed its accounts payable and accrued liabilities. The Company has identified $129,027 for amounts previously recorded or accrued for which no requests for payments have been made by the creditors and, in the opinion of Company management, will never be paid. Accordingly, the Company has determined to reverse the amounts.

9. 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	March 31, 2016 $	December 31, 2015 $
Cash	FVTPL	38,122	43,249
Amounts receivable	Loans and receivables	1,281	2,322
Investment	Available-for-sale	4,133	2,393
Accounts payable and accrued liabilities	Other financial liabilities	(1,395,304)	(1,566,334)
Accrued interest payable	Other financial liabilities	(192,262)	(137,825)
Advances	Other financial liabilities	(1,212,638)	(1,210,695)

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.

(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

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

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

The recorded amounts for amounts receivable, accounts payable and accrued liabilities, accrued interest payable and advances 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 March 31, 2016				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	38,122	-	-	-	38,122
Amounts receivable	1,281	-	-	-	1,281
Investment	-	-	4,133	-	4,133
Accounts payable and accrued liabilities	(1,395,304)	-	-	-	(1,395,304)
Accrued interest payable	(192,262)	-	-	-	(192,262)
Advances	(1,212,638)	-	-	-	(1,212,638)

	Contractual Maturity Analysis at December 31, 2015				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	43,249	-	-	-	43,249
Amounts receivable	2,322	-	-	-	2,322
Investment	-	-	2,393	-	2,393
Accounts payable and accrued liabilities	(1,566,334)	-	-	-	(1,566,334)
Accrued interest payable	(137,825)	-	-	-	(137,825)
Advances	(1,210,695)	-	-	-	(1,210,695)

See also Note 12.

9. Financial Instruments and Risk Management (continued)

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, 2016, 1 Canadian Dollar was equal to 0.77 US Dollar.

Balances are as follows:

	US $	CDN $ Equivalent
Amounts receivable	953	1,238
Accounts payable and accrued liabilities	(1,001,960)	(1,301,247)
Accrued interest payable	(119,172)	(154,768)
Advances	(819,242)	(1,063,950)
	(1,939,421)	(2,518,727)

Based on the net exposures as of March 31, 2016 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 $250,000 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.

(Unaudited - Expressed in Canadian Dollars)

10. Supplemental Cash Flow Information

During the three months ended March 31, 2016 and 2015 non-cash activities were conducted by the Company as follows:

	2016 $	2015 $
Operating activities		
Depreciation	-	9,354
Increase in accounts payable and accrued liabilities	(69,690)	12,737
	(69,690)	22,091
Investing activity		
Additions to exploration and evaluation assets	69,690	(22,091)

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 Colombia and its corporate assets are located in Canada.

	March 31, 2016		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	46,487	72,440	118,927
Investment	4,133	-	4,133
Property, plant and equipment	-	303,727	303,727
Exploration and evaluation assets	-	18,999,195	18,999,195
Deferred share issue costs	4,768	-	4,768
	55,388	19,375,362	19,430,750

	December 31, 2015		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	44,662	67,850	112,512
Investment	2,393	-	2,393
Property, plant and equipment	-	326,330	326,330
Exploration and evaluation assets	-	18,668,403	18,668,403
	47,055	19,062,583	19,109,638

12. Events after the Reporting Period

(a) Subsequent to March 31, 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. Resource Capital Fund VI L.P. ("RCF VI") purchased $1,033,774 of the private placement. The Company's term sheet with RCF VI provides that the parties are to determine a mutually acceptable work program by July 27, 2016 and if a work program cannot be settled by that date, RCF VI will be issued an additional warrant for each whole warrant issued in the private placement and the warrant exercise price for RCF VI's warrants will be reduced to $0.069.

As at March 31, 2016 the Company had received $303,830 and incurred $4,768 of share issue costs relating to this private placement; and

(ii) agreed to issue a total of 22,762,333 units of the Company, on the same terms as the private placement units, in settlement of $1,365,740 of cash advances previously received and accrued interest payable. The Company has completed an initial tranche and issued 14,277,483 units in settlement of $856,649. A further 8,484,847 units are to be issued in settlement of debt concurrently with the first closing of the royalty sale in Note 12(b).

In addition the Company has negotiated debt settlements for both insiders and non-insiders of the Company in regards to accrued and unpaid compensation pursuant to which US $265,783 of debt was forgiven and $336,008 (US $258,726) was settled by the issuance of 5,600,132 common shares of the Company at a price of $0.06 per share.

(b) The Company has agreed to sell to RCF VI a 2% NSR in its Curipamba Project for US $4,750,000. The royalty sale is to be completed in two tranches of 1% NSR, with the closing of each tranche being subject to the satisfaction of conditions precedent.

(c) See also Notes 4(a)(iv) and 6(c).