

SALAZAR RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2018

This discussion and analysis of financial position and results of operation is prepared as at May 30, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018 of Salazar Resources Limited (the "Company" or "Salazar"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

Company Overview

The Company's principal business activity is the acquisition, exploration and development of mineral properties in Ecuador. The Company presently has no proven reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently the Company considers itself to be an exploration stage company.

The Company is currently a reporting issuer in British Columbia, Alberta, Ontario and Nova Scotia. The Company's shares trade on the TSX Venture Exchange ("TSXV") under the symbol "SRL" as a Tier 1 mining issuer and on the Frankfurt Exchange under the symbol "CCG". The Company's corporate head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia.

The Company's main activities have been the continued raising of funds and ongoing exploration activities on its Curipamba Project in Ecuador. In fiscal 2016 the Company entered into a royalty agreement and sold a 1% net smelter royalty ("NSR") for US \$2,375,000. A further 1% NSR was sold for US \$2,375,000 in fiscal 2017. The Company also entered into an option agreement with Adventus Zinc Corporation ("Adventus") to option a 75% interest in the Curipamba Project with Adventus funding costs of US \$25,000,000 over five years. Under the option agreement Adventus has agreed to provide the Company with US \$250,000 per year advance payments until achievement of commercial production, to a maximum of US \$1,500,000. As operator, the Company will also receive a 10% management fee on certain expenditures, with a prescribed minimum annual amount of US \$350,000.

The Company and Adventus have also entered into an operation alliance agreement (the “Alliance”) to jointly explore Ecuador. The venture (Minera Dos Gemas M2G S.A.) was formed in 2017 and is currently owned 80% by Adventus and 20% by the Company with Adventus funding all activities incurred up to a construction decision. As operator the Company will receive a 10% operator’s fee on certain expenditures incurred, subject to an annual maximum fee of US \$200,000 on costs pertaining to surface rights acquisitions.

In January 2018 the Company and Adventus agreed to transfer the Pijili Project to the Alliance upon completion by Adventus of the following consideration:

- (i) cash payments totalling US \$150,000 (US \$100,000 paid as of the date of this MD&A);
- (ii) issuance of a minimum of 2,333,333 common shares of Adventus; and
- (iii) funding by Adventus of a US \$1,000,000 exploration budget on the Pijili Project by September 18, 2020.

In May 2018 the Company and Adventus agreed to the transfer of the Santiago Project to be added to the Alliance upon completion by Adventus of the following consideration:

- (i) cash payments totalling US \$75,000 (US \$50,000 paid as of the date of this MD&A);
- (ii) issuance of a minimum of 1,166,667 common shares of Adventus; and
- (iii) funding by Adventus of a US \$500,000 exploration budget on the Santiago Project by May 22, 2020.

Properties Update

Curipamba Project

Agreements

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.

On September 12, 2017 the Company entered into a definitive option agreement (the “Option”) whereby Adventus Zinc Corporation (“Adventus”) may earn a 75% interest in the Company’s Curipamba Project by funding exploration and development expenditures of US \$25,000,000 over the next five years. A feasibility study is expected to be completed within three years, after which Adventus is required to fund 100% of the development and construction expenditures to commercial production.

During the Option period Adventus will pay the Company a 10% management fee, with a prescribed minimum annual amount of US \$350,000. In addition, Adventus will provide the Company with a US \$250,000 per year advance payment until achievement of commercial production, to a maximum cumulative total of US \$1,500,000. The advance is to be paid preferentially to Adventus upon start of commercial production.

On September 29, 2017 the Company received TSXV approval and, on October 13, 2017, Adventus and the Company closed on the Option.

Exploration Update

The Company’s principal asset, which has been the focus of its work programs, is the Curipamba Project where the precious metals rich El Domo VMS deposit has been discovered. On January 22, 2015 the Company filed on SEDAR an amended and restated preliminary economic assessment, dated January 16, 2015, prepared by Buenaventura Ingenieros S.A. in respect of the Company’s 100% owned El Domo project in Ecuador. The amended technical report was prepared to address certain deficiencies raised by the British Columbia Securities Commission in respect of the previously filed technical report dated March 21, 2014, and there have been no material changes to the previously disclosed results of the preliminary economic assessment or to the previously disclosed mineral resource estimate prepared in respect of El Domo.

Planning for a 2018 regional work program at the Curipamba Project commenced in the fourth quarter of 2017 based upon a thorough target generation review of a large historical database that includes prospecting, geological mapping, surficial geochemistry, geophysics and drilling. Work in 2018 will primarily be targeting new VMS discoveries.

At Sesmo, work started with a review of any historical drill holes near the target; which is located 1,100 metres north of El Domo. This review will be followed by prospecting, soil sampling, and a 22 line-kilometre IP geophysical survey, noting that the geophysical survey is key to refining targets for drilling. Follow-up drilling to the channel samples has been done. Geophysical work drilling activities commenced in the first quarter of 2018.

At the end of January 2018, a 20,000 metre drill program commenced at the Curipamba Project. As at the date of this MD&A, Company field crews are using two drill rigs at the Curipamba Project. One drill rig has been deployed to complete infill and definition drilling within the Whittle starter open-pit to collect material for a metallurgical program planned for the second half of 2018. The second drill rig completed exploration drill holes between the southern end of the El Domo deposit, and the El Gallo target, and is currently drilling the high-priority Sesmo and Caracol targets. Assay results from drilling will be released when they have passed quality assurance and quality control (“QAQC”) protocols.

During the first quarter of 2018, a ground induced polarization (“IP”) and magnetic (“MAG”) survey has been completed over the Sesmo and Caracol targets that included over 24.15 line-kilometres of IP and 24.57 line-kilometres of MAG. Data from these surveys will be integrated with all available geological, structural, and geochemical information, which will help define new targets for exploration drilling.

Infill Drilling Results

The infill drilling program commenced in early March 2018 within the Whittle starter open-pit area by decreasing drill spacing, which will also generate material for a planned metallurgical program in the second half of 2018. One drill rig from the drilling contractor has been dedicated to this work program. To date, drilling within the Whittle starter open-pit has successfully completed approximately 3,500 metres from a planned 7,500 metre work program that is expected to be completed by the end of the second quarter of 2018. Seventeen infill drill holes have been successfully completed with eight drill holes having now passed QAQC. One drill hole is currently in the process of being drilled.

From the 3,500 metres successfully completed, thirteen drill holes have intersected either semi-massive or massive sulphide mineralization. The other four drill holes did not have significant results because they were designed to refine the limits of VMS mineralization along the margins of the open-pit. Overall, drilling results have confirmed the quality of the geological and structural modelling completed by RPA, notably the semi-massive to massive sulphide mineralization.

Drill hole CURI-250 intersected VMS mineralization from 71.65 to 82.00 metres for an approximate true thickness of 9.32 metres grading 3.85% copper, 5.12 g/t gold, 10.34% zinc, 139.0 g/t silver, and 0.95% lead. A subset interval of the massive sulphide mineralization is of even higher grade from 72.41 to 76.08 metres, grading 6.47% copper, 12.30 g/t gold, 25.27% zinc, 335.4 g/t silver, and 2.37% lead. It should be noted that the lower 2.73 metres of the intercept is structurally modified by a fault and gradually transitions into both mineralized and hydrothermally altered dacite volcanoclastic rocks that underlie El Domo.

Drill Hole	From (m)	To (m)	Thickness (m)	Cu (%)	Au (g/t)	Zn (%)	Ag (g/t)	Pb (%)	Approx. True Thickness (m)
CURI-250	71.65	82.00	10.35	3.85	5.12	10.34	139.0	0.95	9.32
<i>including</i>	72.41	77.98	5.57	6.33	8.30	18.43	240.7	1.62	5.01
<i>including</i>	72.41	76.08	3.67	6.47	12.30	25.27	335.4	2.37	3.30

The intercept in CURI-252 has an approximate true thickness of 4.51 metres and intersected VMS mineralization from 59.75 to 64.76 metres grading 1.62% copper, 8.77 g/t gold, 11.47% zinc, 357.9 g/t silver, and 2.68% lead. The top contact of the VMS mineralization occurs across 1.29 metres of intercalated fine-grained volcanoclastic tuff-sized material and semi-massive sulphide mineralization that grades into massive sulphide mineralization. A subset interval of the massive sulphide mineralization is of even higher grade from 61.04 to 62.65 metres, grading 1.74% copper, 17.40 g/t gold, 22.05% zinc, 523.0 g/t silver, and 5.97% lead. The lower contact is faulted from 62.65 to 64.76 metres and gradually transitions into both mineralized and hydrothermally altered dacite volcanoclastic rocks.

Drill Hole	From (m)	To (m)	Thickness (m)	Cu (%)	Au (g/t)	Zn (%)	Ag (g/t)	Pb (%)	Approx. True Thickness (m)
CURI-252	59.75	64.76	5.01	1.62	8.77	11.47	357.9	2.68	4.51
<i>Including</i>	61.04	64.76	3.72	1.83	7.96	11.75	244.8	2.61	3.35
<i>Including</i>	61.04	62.65	1.61	1.74	17.40	22.05	523.0	5.97	1.45

CURI-253 was designed to test the thin southerly margin of the massive sulphide mineralization within the confines of the Whittle starter open-pit and it intersected an approximate true thickness of 0.61 metres from 59.52 to 60.20 metres grading 0.84% copper, 13.9 g/t gold, 26.48% zinc, 298.0 g/t silver, and 1.87% lead. In addition, it also intersected a low-grade stockwork within dacite volcanoclastic rocks from 68.58 to 75.29 metres. Stockwork mineralization is quite common below El Domo, forming horizontal units that appear to be spatially associated with key fault structures and associated with autobreccia in the dacite volcanic rocks.

Drill Hole	From (m)	To (m)	Thickness (m)	Cu (%)	Au (g/t)	Zn (%)	Ag (g/t)	Pb (%)	Approx. True Thickness (m)
CURI-253	59.52	60.20	0.68	0.84	13.90	26.48	298.0	1.87	0.61
	68.58	75.29	6.71	0.57	0.14	2.57	8.5	0.13	6.04

Drill holes CURI-255 and CURI-256 were designed to test the southerly limits of the known massive sulphide mineralization and further assess the pit wall geology. These drill holes both intersected favourable strata including both the grainstone, which is a resedimented volcanoclastic unit containing pebbles and cobbles of massive sulphide mineralization, and a fine-grained felsic volcanoclastic tuff-sized material known to occur directly above the massive sulphide mineralization; however, no semi-massive to massive sulphide minerals were intersected. CURI-256 did, however, intersect a low-grade stockwork zone within dacite volcanoclastic rocks from 108.52 to 119.21 metres that corresponds to other similar low-grade stockwork zones stratigraphically below El Domo such as above in drill hole CURI-253.

Drill Hole	From (m)	To (m)	Thickness (m)	Cu (%)	Au (g/t)	Zn (%)	Ag (g/t)	Pb (%)	Approx. True Thickness (m)
CURI-256	108.52	119.21	10.69	0.46	0.25	0.84	12.8	0.07	9.62

Drill hole CURI-257 intersected a zone of semi-massive sulphide mineralization that transitioned into well mineralized dacite volcanoclastic rocks along the southern margin of El Domo. The intercept is from 67.80 to 72.60 metres for an approximate true thickness of 4.32 metres, grading 0.66% copper, 1.63 g/t gold, 3.58% zinc, 60.5 g/t silver, and 0.42% lead. A subset interval of semi-massive sulphide mineralization does possess higher gold and silver assay results from 67.80 to 69.95 metres, grading 0.17% copper, 2.81 g/t gold, 3.05% zinc, 88.5 g/t silver, and 0.70% lead.

Drill Hole	From (m)	To (m)	Thickness (m)	Cu (%)	Au (g/t)	Zn (%)	Ag (g/t)	Pb (%)	Approx. True Thickness (m)
CURI-257	67.80	72.60	4.80	0.66	1.63	3.58	60.5	0.42	4.32
<i>including</i>	67.80	69.95	2.15	0.17	2.81	3.05	88.5	0.70	1.94

Drill hole CURI-259 intersected two mineralized grainstone units, which are a resedimented volcanoclastic rock with massive sulphide clasts. The first interval was from 46.63 to 49.15 metres for an approximate true thickness of 2.27 metres grading 1.29% copper, 3.06 g/t gold, 1.99% zinc, 38.5 g/t silver and 0.14% lead. The second unit was intersected from 64.89 to 67.56 metres for an approximate true thickness of 2.40 metres grading 0.72% copper, 3.51 g/t gold, 4.97% zinc, 214.4 g/t silver, and 1.34% lead. Massive sulphide mineralization was then intersected from 67.56 to 71.97 metres for an approximate true thickness of 3.97 metres grading 5.95% copper, 3.27 g/t gold, 6.52% zinc, 122.3 g/t silver, and 0.38% lead.

Drill Hole	From (m)	To (m)	Thickness (m)	Cu (%)	Au (g/t)	Zn (%)	Ag (g/t)	Pb (%)	Approx. True Thickness (m)
CURI-259	46.63	49.15	2.52	1.29	3.06	1.99	38.5	0.14	2.27
	64.89	71.97	7.08	3.92	3.32	5.90	154.9	0.74	6.37
<i>including</i>	64.89	67.56	2.67	0.72	3.51	4.97	214.4	1.34	2.40
<i>including</i>	67.56	71.97	4.41	5.95	3.27	6.52	122.3	0.38	3.97

The intercept in CURI-260 has an approximate true thickness of 6.80 metres and intersected VMS mineralization from 80.65 to 88.20 metres grading 2.62% copper, 2.51 g/t gold, 5.27% zinc, 37.8 g/t silver, and 0.09% lead. The top contact of the VMS mineralization appears to be faulted for the first 1.57 metres of massive sulphide mineralization, but grades into semi-massive sulphide mineralization then back into massive sulphide mineralization. A subset interval of the massive sulphide mineralization is of even higher grade from 84.82 to 86.65 metres, grading 3.70% copper, 4.61 g/t gold, 14.22% zinc, 59.8 g/t silver, and 0.11% lead. The lower contact also appears to be faulted from 87.49 to 88.20 metres and gradually transitions into both mineralized and hydrothermally altered dacite volcanoclastic rocks.

Below the massive sulphide mineralization, drilling also intersected a low-grade stockwork zone within the dacite volcanoclastic rocks from 93.94 to 103.26 metres that corresponds to other similar low-grade stockwork zones stratigraphically below El Domo. However, a higher-grade subset does occur from 100.76 to 103.26 metres, grading 2.63% copper, 1.70 g/t gold, 1.65% zinc, 23.4 g/t silver, and 0.09% lead. A second, narrow stockwork zone was intersected from 215.04 to 217.18 metres, grading 1.40% copper, 0.16 g/t gold, 0.14% zinc, and 0.9 g/t silver.

Drill Hole	From (m)	To (m)	Thickness (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Approx. True Thickness (m)
CURI-260	80.65	88.20	7.55	2.62	2.51	5.27	37.8	0.09	6.80
<i>Including</i>	83.11	87.49	4.38	4.05	2.81	7.87	45.6	0.06	3.94
<i>Including</i>	84.82	86.65	1.83	3.70	4.61	14.22	59.8	0.11	1.65
	93.94	103.26	9.32	0.82	0.56	0.71	8.4	0.03	8.39
<i>Including</i>	100.76	103.26	2.50	2.63	1.70	1.65	23.4	0.09	2.25
	215.04	217.18	2.14	1.40	0.16	0.14	0.9	0.00	1.93

Drill hole CURI-261 intersected thin, high-grade, mineralized grainstone from 53.98 to 55.77 metres for an approximate true thickness of 1.43 metres grading 3.80% copper, 5.85 g/t gold, 3.61% zinc, 122.3 g/t silver, and 0.38% lead. A second, finer-grained, mineralized grainstone was intersected directly above the massive sulphide mineralization from 76.18 to 81.33 metres for an approximate true thickness of 4.12 metres grading 0.43% copper, 2.95 g/t gold, 5.74% zinc, 128.3 g/t silver, and 0.65% lead. A subset interval of the grainstone is of even higher grade from 76.18 to 78.08 metres, grading 0.43% copper, 5.15 g/t gold, 9.58% zinc, 288.4 g/t silver, and 1.58% lead.

The grainstone transitioned into massive sulphide mineralization, which occurs from 81.33 to 89.79 metres for an approximate true thickness of 6.77 metres grading 4.24% copper, 0.54 g/t gold, 2.31% zinc, 16.0 g/t silver, and 0.01% lead. A subset interval of massive sulphide mineralization is of even higher grade from 81.33 to 86.02 metres, grading 7.23% copper, 0.72 g/t gold, 4.15% zinc, 25.7 g/t silver, and 0.01% lead.

Drill Hole	From (m)	To (m)	Thickness (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Approx. True Thickness (m)
CURI-261	53.98	55.77	1.79	3.80	5.85	3.61	122.3	0.38	1.43
	76.18	81.33	5.15	0.39	2.95	5.74	128.3	0.65	4.12
<i>Including</i>	76.18	78.08	1.90	0.43	5.15	9.58	288.4	1.58	1.52
	81.33	89.79	8.46	4.24	0.54	2.31	16.0	0.01	6.77
<i>Including</i>	81.33	86.02	4.69	7.23	0.72	4.15	25.7	0.01	3.75

Other Drilling Results

Drill holes CURI-240 through CURI-249, and CURI-251 were designed to probe the favourable geology south of El Domo. To date, drilling successfully completed approximately 2,560 metres from a planned 2,500 metre work

program that completed on schedule. Eleven exploration drill holes were successfully completed with all having passed QAQC.

Although these drill holes did intersect the favourable volcanic strata with hydrothermal alteration of the footwall rocks for El Domo, no semi-massive to massive sulphide mineralization was intersected. Several drill holes did, however, intersect wide intercepts of low-grade stockwork that could correspond to other similar low-grade stockwork zones stratigraphically below El Domo, approximately 420 metres to the north, and those recently identified at Sesmo target, approximately 1,900 metres to the northwest.

These newly identified occurrences need to be reviewed in the context of how they link to the extensive hydrothermal plumbing system that drove the formation of massive sulphide mineralization at El Domo and how it is related to the Sesmo target.

Drill Hole	From (m)	To (m)	Thickness (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Approx. True Thickness (m)
CURI-240	81.43	86.78	5.35	0.09	2.49	0.75	57.5	0.29	4.55
<i>Including</i>	82.46	84.43	1.97	0.09	5.41	0.97	131.8	0.51	1.67
	93.86	98.21	4.35	0.12	0.24	1.45	4.5	0.07	3.70
CURI-241	75.90	92.37	16.47	0.06	0.29	0.93	3.8	0.04	14.00
<i>Including</i>	76.86	87.05	10.19	0.05	0.35	1.08	4.3	0.04	8.66
CURI-242	76.55	82.60	6.05	0.07	0.51	1.13	21.8	0.16	5.15
<i>Including</i>	78.05	81.00	2.95	0.12	0.51	1.96	18.0	0.28	2.51
CURI-243	113.65	121.86	8.21	0.11	0.19	1.59	4.9	0.10	6.98
<i>Including</i>	116.90	121.86	4.96	0.13	0.17	2.07	4.0	0.03	4.22
CURI-244	105.86	118.70	12.84	0.14	0.21	1.43	8.3	0.21	10.91
<i>Including</i>	114.00	118.70	4.70	0.25	0.06	2.71	7.5	0.06	4.00
CURI-245				<i>No Significant Results</i>					
CURI-246	142.00	143.00	1.00	0.26	0.09	2.54	0.5	0.00	0.85
	162.00	163.00	1.00	1.80	0.10	0.27	1.9	0.00	0.85
CURI-247	131.44	133.00	1.56	0.35	0.10	3.64	5.2	0.56	1.33
CURI-248				<i>No Significant Results</i>					
CURI-249				<i>No Significant Results</i>					
CURI-251				<i>No Significant Results</i>					

Sesmo Drilling Results

Drilling at Sesmo target started in mid-March 2018. The first drill hole, CURI-254, had to be halted in mineralization at a depth of 24.50 metres due to in-hole weathered rock conditions and loss of water pressure. CURI-254A was therefore recollared at the same location at a steeper angle and was successfully drilled to a target depth of 209.50 metres. CURI-254 intersected brecciated and altered dacitic volcanic rocks contain barite and minor base metal sulphide mineralization that returned 11.56 metres grading 3.65 g/t gold, 77.2 g/t silver, 0.01% copper, 0.10% lead and 0.27% zinc from 12.94 to the end of the hole at 24.50 metres. The mineralized zone appears to possess a weak fabric, suggestive of minor structural modification; however, given the limited exposure, more work is required to ascertain the true nature of any structural influence.

Drill Hole	From (m)	To (m)	Thickness (m)	Cu (%)	Au (g/t)	Zn (%)	Ag (g/t)	Pb (%)	Approx. True Thickness (m)
CURI-254	12.94	24.50	11.56	0.01	3.65	0.27	77.2	0.10	(1)
<i>including</i>	21.20	24.50	3.30	0.01	6.10	0.48	53.0	0.22	(1)

Notes:

(1) Due to the early stage of exploration and lack of geological information, no estimate of true thickness can be made at this time.

The intercept in CURI-254A returned 19.88 metres, from 10.12 to 30.00 metres, grading 4.30 g/t gold, 95.1 g/t silver, 0.09% copper, 0.33% lead, and 0.72% zinc. A 3.30 metre subset interval from 25.20 to 28.50 metres, graded 17.38 g/t gold, 159.9 g/t silver, 0.36% copper, 0.99% lead, and 2.51% zinc. Further down the hole a zone of base metal stockwork mineralization was encountered that included an intercept of 0.26 g/t gold, 3.6 g/t silver, 0.07%

copper, 0.56% lead, and 1.18% zinc over 19.42 metres. This zone was described as sharing strong geologic similarities with footwall stockwork zones that typically underlie the nearby El Domo deposit.

Drill Hole	From (m)	To (m)	Thickness (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Approx. True Thickness (m)
CURI-254A	10.12	30.00	19.88	4.30	95.1	0.09	0.33	0.72	(1)
<i>Including</i>	20.65	28.50	7.85	7.76	75.9	0.20	0.70	1.48	(1)
<i>Including</i>	25.20	28.50	3.30	17.38	159.9	0.36	0.99	2.51	(1)
	47.10	66.13	19.42	0.26	3.6	0.07	0.56	1.18	(1)
<i>Including</i>	47.10	53.43	6.33	0.20	5.0	0.13	0.83	2.01	(1)
<i>Including</i>	58.53	66.13	7.60	0.38	3.1	0.04	0.43	0.89	(1)

Notes:

(1) Due to the early stage of exploration and lack of geological information, no estimate of true thickness can be made at this time.

Given these positive initial results, target generation is now underway through the integration of all available geological, geochemical, and geophysical data to plan additional drill holes. The Company and Adventus staff will continue to refine their target generation process as new data becomes available from both drilling and reprocessing of the IP and MAG ground geophysical data. The initial target generation process has highlighted several interesting areas for immediate follow-up and drilling, and one follow-up drill hole is currently in progress.

Qualified Person and Quality Control & Quality Assurance

The scientific and technical information contained in this MD&A for the Curipamba Project has been reviewed and approved by Mr. Jason Dunning, M.Sc., P.Geo., Vice-President, Exploration for Adventus, a non-independent Qualified Person, as defined by National Instrument 43-101. Company staff collect and process samples that are securely sealed and shipped to Bureau Veritas (“BV”) in Quito for sample preparation that includes crushing and milling to prepare pulps that are then split for shipment to their facility in Lima, Peru for analysis. All assay data have undergone internal validation of QAQC; noting there is an established sampling control program with blind insertion of assay blanks, certified industry standards and sample duplicates for the Curipamba project. A QAQC program is also in place at BV and includes insertion of blanks, standards and duplicate reanalysis of selected samples. BV’s quality system complies with the requirements for the International Standards ISO 9001:2000 and ISO 17025: 1999. At BV, gold is analyzed by classical fire assay techniques with an ICP-AES finish, and both silver and base metals are analyzed by a 44-element aqua regia ICP-AES technique. Overlimit protocols are in place for gold, silver, copper, lead, and zinc.

Pijilí Project

The Company and Adventus have entered into a definitive agreement for the Pijilí exploration project (the “Pijilí Project”), which is to be transferred into the Alliance. The Pijilí Project has been granted to the Company by the Republic of Ecuador subject to a US \$5,000,000 expenditure over four years. Since the Pijilí Project was already in the Company’s Ecuadorian project portfolio, Adventus has agreed to provide the following consideration to the Company prior to the transfer of the Pijilí Project into the Alliance:

- (i) on the earlier of: (a) the next time Adventus completes a financing of at least \$3,000,000; (b) Adventus completes a merger or acquisition transaction involving its common shares; or (c) March 1, 2019, Adventus shall issue to the Company 2,333,333 common shares;
- (ii) if upon issuance of the common shares the value of the 2,333,333 shares is below \$2,300,000, Adventus will issue additional common shares to the Company to make up the value difference based on the 10-day VWAP on the day preceding the date of issuance, up to a maximum addition of 500,000 common shares;
- (iii) US \$150,000 in cash payments to the Company, with US \$100,000 paid, and US \$50,000 due upon official transfer of the Pijilí Project to the Alliance; and
- (iv) US \$1,000,000 exploration budget for the Pijilí Project to be fully funded by Adventus (or reserved for the Alliance) over the next 18 months.

Any new exploration opportunities acquired or applied for within a 10-km radius area of interest around the Pijilí Project will be for the sole benefit of the Alliance. The Pijilí Project shall be transferred to the Alliance once cash payments are made, common shares are issued, and the US \$1,000,000 exploration budget is spent (or reserved for the Alliance) within 18 months. Once the Pijilí Project is transferred into the Alliance, it will be governed by the terms of the Alliance agreement.

The Pijilí Project consists of three concessions totalling 3,246 hectares that is subject to a US \$5,000,000 spending commitment over four years to obtain 100% ownership from the Republic of Ecuador. The Pijilí Project is located in the province of Azuay, approximately 150 km from the major port city of Guayaquil. The Pijilí Project is an untested epithermal gold-silver target, although there are opinions that there is a broader, larger scale porphyry target may be present.

The Pijilí Project has never been explored with modern exploration techniques, such as geophysics, nor has there been any systematic geological mapping, geochemical sampling, trenching and/or drilling undertaken. Small-scale, legally permitted artisanal mining operations adjacent to the property are following precious metal-bearing structures via several small open pits and underground tunnels. It is also important to note the presence of secondary copper mineralization that is visible along the walls of the small open pits. Salazar staff have noted copper sulphide-bearing (chalcopyrite) veins in a valley bottom at the confluence of major creeks that also requires additional follow-up.

The initial 18-month program will entail detailed prospecting, surficial sampling, geological and structural mapping, implementation of a PIMA/TerraSpec for detailed hydrothermal alteration mineral studies, and geophysics. Drilling shall be considered once a target generation evaluation is completed.

Santiago Project

The Company and Adventus have entered into a definitive agreement for the Santiago exploration project (the “Santiago Project”), which is to be transferred into the Alliance. Since the Santiago Project was already in the Company’s Ecuadorian project portfolio, Adventus has agreed to provide the following consideration to the Company prior to the transfer of the Santiago Project into the Alliance:

- (i) on the earlier of: (a) the next time Adventus completes a financing of at least \$3,000,000; (b) Adventus completes a merger or acquisition transaction involving its common shares; or (c) March 1, 2019, Adventus shall issue to the Company 1,166,667 common shares;
- (ii) if upon issuance of the common shares the value of the 1,166,667 shares is below \$1,200,000, Adventus will issue additional common shares to the Company to make up the value difference based on the 10-day VWAP on the day preceding the date of issuance, up to a maximum addition of 250,000 common shares;
- (iii) US \$75,000 in cash payments to the Company, with US \$50,000 paid, and US \$25,000 due upon official transfer of the Santiago Project to the Alliance; and
- (iv) US \$500,000 exploration budget for the Santiago Project to be fully funded by Adventus (or reserved for the Alliance) by May 22, 2020.

The Santiago Project shall be transferred to the Alliance once cash payments are made, common shares are issued, and the US \$500,000 exploration budget is spent (or reserved for the Alliance) by May 22, 2020. Once the Santiago Project is transferred into the Alliance, it will be governed by the terms of the Alliance agreement.

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 profit interest royalty that is in favour of INV Metals Inc. Any new exploration opportunities acquired or applied for by the parties within a 10 kilometre radius area of interest around the Santiago Project will be for the sole benefit of the Alliance.

Exploration

The Santiago Project consists of a single concession that encompasses 2,350 ha and is currently 100%-owned by the Company. It is located in a geological setting similar to the nearby Loma Larga deposit owned by INV Metals Inc. and is considered prospective for epithermal gold and silver and porphyry copper gold deposits. It features three large, surficial geochemistry anomalies for gold, copper, and zinc. Numerous vein occurrences have been identified on the property thus far, which have yielded good chip sampling results for both gold and silver, including the following highlights:

Española Vein: (up to 3 metres width)

- 2.0 m @ 28.10 g/t gold and 231.0 g/t silver
- 1.0 m @ 26.00 g/t gold and 242.0 g/t silver
- 1.0 m @ 18.20 g/t gold and 252.0 g/t silver
- 1.0 m @ 4.80 g/t gold and 442.0 g/t silver

Structure Quartz-Tourmaline: (3 metres width)

- 1.9 m @ 1.19 g/t gold, 14.3 g/t silver and 296 ppm molybdenum
- 3.3 m @ 0.59 g/t gold, 36.6 g/t silver and 390 ppm molybdenum

Ribs Zone and Ancha Vein: (up to 5 metres width)

- 1.0 m @ 1.29 g/t gold and >100 g/t silver
- 1.0 m @ 1.65 g/t gold and >100 g/t silver

Structure F.U.: (1.5 metres width)

- 1.4 m @ 4.80 g/t gold and 378.0 g/t silver
- 1.2 m @ 6.40 g/t gold and 136.0 g/t silver
- 1.2 m @ 4.20 g/t gold and 183.0 g/t silver

There have also been historically modest drilling campaigns by two operators on the property, including Newmont Mining Corporation in the mid-1990s that reported wide drill intercepts for copper-gold from surface. Unfortunately, these historic drill results cannot be verified, as the drill core is unavailable. Additional work, including drilling, will be required to validate these reported historical drill results.

The initial 24-month program will entail detailed prospecting, surficial sampling, geological and structural mapping, implementation of a PIMA/TerraSpec for detailed hydrothermal alteration mineral studies, and geophysics. Drilling will be considered once a target generation evaluation is completed.

Macara Project

The Macara Project currently comprises concessions: (i) Macara Mina concession (288 hectares) leased from a third-party; and (ii) Bonanza mining concession (1,519 hectares) granted by the Ecuadorian government as follows:

- (i) On November 6, 2017 the Company entered into an option agreement with Edgar Orlando Torres Cunalata (“Torres”) whereby the Company was granted an option (the “Macara Option”) to acquire a 100% interest in one concession (the “Macara Mina Concession”) located in the province of Loja, Ecuador. Pursuant to the terms of the Macara Option the Company has agreed to make cash payments totalling US \$600,000 (the “Option Proceeds”), as follows:
 - US \$100,000 on signing (paid);
 - US \$50,000 on November 6, 2018;
 - US \$50,000 on November 6, 2019;
 - US \$200,000 on the earlier of a NI43-101 resource calculation or November 6, 2021; and
 - US \$200,000 on the earlier of a preliminary economics assessment of November 21, 2024.

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

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

- (ii) In July 2017 the Company was awarded a concession (the “Bonanza Concession”), located in the provinces of Loja and Tacamoros, Ecuador. As at March 31, 2018 the Company has incurred \$18,540 on the Bonanza Concession.

The Macara Project lies within Cécica volcano-sedimentary Formation (known as the Lancones Formation in neighboring Peru), which is intruded by the Cretaceous-age Tangula granodiorite batholith. This project is highly prospective for epithermal gold-silver, gold-copper porphyry and volcanogenic massive sulfide (VMS) deposits. The Macara Project is located 100km to the north of the Tambogrande VMS deposit in the Cretaceous Lancones basin of northwestern Perú, which hosts some of the largest Cu-Zn-Au-Ag-bearing massive sulfide deposits in the world.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

Three Months Ended	Fiscal 2018	Fiscal 2017				Fiscal 2016			
	Mar. 31 2018 \$	Dec. 31 2017 \$	Sep. 30 2017 \$	Jun. 30 2017 \$	Mar. 31 2017 \$	Dec. 31 2016 \$	Sep. 30 2016 \$	Jun. 30 2016 \$	
Operations:									
Revenues	Nil								
Expenses	(198,615)	(291,882)	(483,564)	(362,248)	(407,739)	(1,092,355)	(270,173)	(316,140)	
Other items	429,692	124,132	(59,531)	(59,143)	(16,355)	38,166	(5,502)	343,138	
Net income (loss)	231,077	(167,750)	(543,095)	(421,391)	(424,094)	(1,054,189)	(275,675)	26,998	
Other comprehensive income (loss)	(870)	435	435	(653)	Nil	(1,740)	(217)	1,957	
Comprehensive income (loss)	230,207	(167,315)	(542,660)	(422,044)	(424,094)	(1,055,929)	(275,892)	28,955	
Basic and diluted income (loss) per share	0.00	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	0.00	
Dividends per share	Nil								
Balance Sheet:									
Working capital (deficiency)	713,022	569,691	447,255	1,732,539	3,875	1,431,519	2,394,199	(680,525)	
Total assets	18,289,370	18,371,177	17,882,452	18,391,518	18,799,732	19,078,346	19,342,232	19,708,540	
Total long-term liabilities	Nil								

Results of Operations

Three Months Ended March 31, 2018 Compared to the Three Months Ended December 31, 2017

During the three months ended March 31, 2018 (“Q1/2018”) the Company reported a net income of \$231,077 compared to net loss of \$167,750 for the three months ended December 31, 2017 (“Q4/2017”). The fluctuation is primarily attributed to:

- (i) during Q1/2018 the Company recorded other income of \$157,847 (Q4/2017 - \$nil) arising from the rental of its drill rigs for the drilling activities on the Curipamba Project;
- (ii) during Q1/2018 the Company received \$129,320 (US \$100,000) payment from Adventus on the Pijilí Project, of which \$43,770 was credited to the capitalized costs on the Pijilí Project and the remaining \$85,550 was recorded as a gain on property disposition of \$85,550; and
- (iii) during Q1/2018 the Company recorded \$4,247 (Q4/2017 - \$122,662) for legal expenses. During Q4/2107 the Company had significant legal expenses with respect to the preparation of agreements with Adventus and submissions to the TSXV.

Three Months Ended March 31, 2018 Compared to the Three Months Ended March 31, 2017

During the three months ended March 31, 2018 (the “2018 period”) the Company reported a net income of \$231,077, compared to a net loss of \$424,094 for the three months ended March 31, 2017 (the “2017 period”). The fluctuation is primarily attributed to:

- (i) during the 2018 period the Company recorded \$125,787 in management fee income earned on the management of the Curipamba Project. In addition, the Company recorded cost recoveries of \$250,381 against expenses to reflect Adventus’ funding of certain expenses;
- (ii) during the 2018 period the Company recognized a foreign exchange gain of \$56,752 compared to a foreign exchange loss of \$17,974 in the 2017 period;
- (iii) during the 2018 period the Company recorded other income of \$157,847 (2017 - \$nil) for the rental of its drill rigs;
- (iv) during the 2018 period the Company recorded a gain on property disposition of \$85,550 relating to the Pijilí Project; and
- (v) the recognition of share-based compensation of \$60,000 (2017 - \$nil) on the granting of stock options in the 2018 period. No stock options were granted or vested in the 2017 period.

Excluding cost recoveries, expenses increased by \$41,257 from \$407,739 during the 2017 period to \$448,996 during the 2018 period. Specific expenses of note are as follows:

- (i) during the 2018 period the Company recorded \$94,535 (2017 - \$54,051) as general exploration activities. During the 2018 period the Company conducted significant due diligence property reviews as a result of the Exploration alliance with Adventus;
- (ii) recorded share-based compensation of \$60,000 (2017 - \$nil) on the granting of stock options in the 2018 period. No stock options were granted or vested in the 2017 period;
- (iii) incurred salaries and benefits of \$131,929 (2017 - \$175,317). The decrease reflects the capitalization of certain salaries and benefits to exploration and evaluation assets during the 2018 period;
- (iv) during the 2018 period office expenses decreased by \$51,732 from \$73,953 during the 2017 period to \$22,221 during the 2018 period. The decrease reflects the capitalization of certain office related expenses to exploration and evaluation assets during the 2018 period;
- (v) during the 2018 period the Company incurred audit fees of \$41,493 (2017 - \$13,076). The change between the 2018 period and the 2017 period was solely due to the timing of billings for the audit of the Company's year-end financial statements;

Exploration and Evaluations Assets

During the 2018 period the Company incurred a total of \$1,419,110 (2017 - \$1,028,137) for exploration and evaluation assets comprising of \$1,303,642 (2017 - \$1,002,542) on the Curipamba Project and \$115,468 (2017 - \$25,595) on other projects. During the 2018 period Adventus funded a total of \$1,736,049 of which \$205,919 was applied against property, plant and equipment, \$1,279,749 against exploration and evaluation assets and \$250,381 as an expense recovery.

Details of the exploration and acquisition expenditures are as follows:

	Curipamba \$	Santiago \$	Other \$	Total \$
Balance at December 31, 2016	16,489,415	571,037	2	17,060,454
Exploration costs				
Assay analysis	63,981	-	-	63,981
Camp supervision and personnel	1,177,540	-	-	1,177,540
Camp supplies	795,554	-	-	795,554
Community relations	413,401	-	-	413,401
Depreciation	37,416	-	-	37,416
Drilling and related costs	98,271	-	-	98,271
Environmental studies	15,061	-	-	15,061
Exploration site	179,710	3,604	-	183,314
Geological	212,687	-	-	212,687
Geophysics	177,711	-	-	177,711
Legal	29,264	-	12,396	41,660
Road maintenance	86,550	-	-	86,550
Vehicles	56,961	-	-	56,961
	<u>3,344,107</u>	<u>3,604</u>	<u>12,396</u>	<u>3,360,516</u>
Acquisition costs				
Property / concession payments	440,838	23,261	157,067	621,166
Cost recoveries	<u>(1,149,088)</u>	<u>-</u>	<u>-</u>	<u>(1,149,088)</u>
Sale of royalty interest	<u>(3,192,950)</u>	<u>-</u>	<u>-</u>	<u>(3,192,950)</u>
Advance payment	<u>(315,125)</u>	<u>-</u>	<u>-</u>	<u>(315,125)</u>
Balance at December 31, 2017	<u>15,617,197</u>	<u>597,902</u>	<u>169,465</u>	<u>16,834,564</u>
Exploration costs				
Camp supplies	62,587	-	-	62,587
Community relations	135,104	-	-	135,104
Depreciation	9,354	-	-	9,354
Drilling and related costs	989,565	-	-	989,565
Exploration site	-	28,449	-	28,449

	Curipamba \$	Santiago \$	Other \$	Total \$
Geophysics	18,972	-	-	18,972
Legal	-	-	1,851	1,851
	<u>1,215,582</u>	<u>28,449</u>	<u>1,851</u>	<u>1,245,882</u>
Acquisition costs				
Property / concession payments	88,060	22,946	62,222	173,228
Cost recoveries	<u>(1,235,979)</u>	<u>-</u>	<u>(43,770)</u>	<u>(1,279,749)</u>
Balance at March 31, 2018	<u>15,684,860</u>	<u>649,297</u>	<u>189,768</u>	<u>16,523,925</u>

See also “Properties Update”.

Financing Activities

During the 2018 period the Company received \$66,081 on the exercises of warrants and issued 550,675 common shares of the Company. No further financing activities occurred during the 2018 and 2017 periods.

Financial Condition / Capital Resources

As at March 31, 2018, the Company had working capital of \$713,022. In addition, subsequent to March 31, 2018 the Company received \$903,730 on exercises of warrants and issued 7,531,083 common shares. Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs for the next twelve months. The Company believes that the option agreement with Adventus will provide the necessary capital to advance its core Curipampa Project to production status. In addition, the Company’s Pijilí and Santiago Projects are now being funded by Adventus under the Alliance. However, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing should Adventus terminate the Option and/or the Alliance. Additional capital may be sought from the sale of additional common shares or other equity or debt instruments. There is no assurance that such additional capital will be available to the Company on acceptable terms or at all. In the longer term, the recoverability of the carrying value of the Company’s long-lived assets is dependent upon the Company’s ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration programs.

Contractual 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, 2018, the Company’s commitment is as follows:

	US \$
Fiscal 2018	23,850
Fiscal 2019	23,850
Fiscal 2020	47,650
Fiscal 2021	<u>7,907,421</u>
	<u>8,002,771</u>

- (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 2018 is approximately US \$994,200.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include the determination of mineralized reserves, plant and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets, reclamation and rehabilitation provisions, valuation allowances for future income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the December 31, 2017 audited annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies.

Transactions with Related Parties

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*

- (i) During the 2018 and 2017 periods the following amounts were incurred with respect to the Company's President and CEO, Fredy Salazar, and the CFO, Pablo Acosta:

	2018 \$	2017 \$
Mr. Salazar		
- Salaries	58,813	36,690
- Health benefits	928	559
	<u>59,741</u>	<u>40,249</u>
Mr. Acosta		
- Salaries	22,766	15,876
- Health benefits	928	559
	<u>23,694</u>	<u>16,435</u>
	<u>83,435</u>	<u>56,684</u>

As at March 31, 2018, \$7,478 (December 31, 2017 - \$nil) remained unpaid.

(b) *Transactions with Other Related Parties*

- (i) During the 2018 and 2017 periods the following consulting expenses were incurred with respect to non-executive current and former directors of the Company:

	2018 \$	2017 \$
Consulting fees - Etienne Walters	5,692	-
Consulting fees - Nick DeMare	11,346	9,922
Consulting fees - Juan Ortiz	5,691	-
Share-based compensation - Jennifer Wu	60,000	-
	<u>82,729</u>	<u>9,922</u>

As at March 31, 2018, \$7,736 (December 31, 2017 - \$5,645) remained unpaid.

- (ii) During the 2018 period the Company incurred a total of \$13,444 (2017 - \$13,937) to Chase Management Ltd. (“Chase”), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at March 31, 2018, \$4,513 (December 31, 2017 - \$4,391) remained unpaid.
- (c) During the 2018 period the Company incurred \$7,589 (2017 - \$nil) for truck rental services provided by Amlatminas S.A. (“Amlatminas”) a private corporation controlled by Mr. Salazar and Mr. Acosta.

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

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.

Outstanding Share Data

The Company’s authorized share capital is unlimited common shares with no par value. As at May 30, 2018, there were 122,235,364 issued and outstanding common shares, 4,242,423 warrants outstanding at an exercise price of \$0.12 per share and 7,300,000 share options outstanding at an exercise price of \$0.14 per share.