

SALAZAR RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

This discussion and analysis of financial position and results of operation is prepared as at November 30, 2015, and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2015, 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 and Colombia. The Company presently has no proven or probable 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 principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia.

See also "Properties Update - Ecuador" and "Risks and Uncertainties".

Properties Update

Ecuador

Most recently the Company has been conducting a review of its non-core concession holdings and reduced its holdings as appropriate. As of the date of this MD&A the Company's concession holdings in Ecuador cover approximately 27,257 hectares comprising:

Curipamba Project	- 7 concessions totalling 21,537 hectares;
Rumiñahui Project	- 2 concessions totalling 979 hectares;
Mendez Project	- 2 concessions totalling 2,391 hectares; and
Santiago Project	- 1 concession totalling 2,350 hectares.

The Company has previously filed the 2015 work program with the Ecuadorian government showing budgeted expenditures of approximately US \$1,000,000 on the Company's Ecuadorian mineral properties. The Company is seeking to amend the work program submitted as it has been unable to obtain funding to implement the submitted work program. The Company is confident an amendment to the 2015 work program will be negotiated. However, should the Company be unable to negotiate an amendment ramifications could include a fine for the shortfall in the work program costs and/or termination of certain of the Company's concession holdings. The Company was deficient in its 2015 work program costs for all of its Ecuadorian properties.

Curipamba Project

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 volcanogenic massive sulphide ("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 B. C. Securities Commission in respect of the previously filed technical report dated March 21, 2014, and there have been no 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. Further drilling is required to evaluate this potential.

The Curipamba Project is set to move to the next stage of development and the Company's efforts have focussed on finding financing to be able to advance the project. In its efforts to source financing the Company has been considering private placements, joint ventures and also offers to purchase. The Company continues to assess opportunities as they are presented but the market for junior exploration issuers remains difficult.

There were limited field activities during the nine months ended September 30, 2015. Activities were mainly office focussed and the main task centered on reducing non-core concession holdings in order to reduce holding costs.

Other Projects

There has been limited activity on the Company's other projects in Ecuador. The Santiago, Mendez and Rumiñahui projects are essentially on care and maintenance. The lack of work has, in part, been due to the Company's focus on the Curipamba Project, in part, due to allocation of available resources to the "focus" project and also access and permitting issues. The access and permit issues the Company faces are not insurmountable but the effort has not been put in to deal with the issues. The Company has continued to make the annual property payments to preserve these other resource properties and believes that the projects still have geological merit.

Colombia

There has been no change in the application status of the Company's concessions in Colombia.

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 2015			Fiscal 2014				Fiscal 2013
	Sep. 30 2015 \$	Jun. 30 2015 \$	Mar. 31 2015 \$	Dec. 31 2014 \$	Sep. 30 2014 \$	Jun. 30 2014 \$	Mar. 31 2014 \$	Dec. 31 2013 \$
Operations:								
Revenues	Nil							
Expenses	(728,756)	(325,508)	(283,955)	(314,475)	(350,595)	(276,688)	(235,534)	(349,638)
Other items	(127,446)	17,310	(91,983)	(33,465)	(35,807)	(1,034)	20,416	(98,158)
Loss before deferred income tax	(856,202)	(308,198)	(375,938)	(347,940)	(386,402)	(277,722)	(215,118)	(447,796)
Deferred income tax	Nil	2,250						

	Fiscal 2015			Fiscal 2014				Fiscal 2013
Three Months Ended	Sep. 30 2015 \$	Jun. 30 2015 \$	Mar. 31 2015 \$	Dec. 31 2014 \$	Sep. 30 2014 \$	Jun. 30 2014 \$	Mar. 31 2014 \$	Dec. 31 2013 \$
Net loss	(856,202)	(308,198)	(375,938)	(347,940)	(386,402)	(277,722)	(215,118)	(445,546)
Other comprehensive (loss) income	(870)	870	(870)	217	(652)	(435)	(652)	21,947
Comprehensive loss	(857,072)	(307,328)	(376,808)	(347,723)	(387,054)	(278,157)	(215,770)	(423,599)
Basic and diluted (loss) income per share	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)
Dividends per share	Nil							
Balance Sheet:								
Working capital (deficiency)	(2,987,002)	(2,120,809)	(1,869,940)	(1,123,821)	(583,686)	(821,537)	(873,556)	(514,597)
Total assets	20,552,035	20,548,182	20,685,655	20,152,401	20,191,535	19,928,169	19,946,359	19,312,915
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	(547,374)	Nil

Results of Operations

Three Months Ended September 30, 2015 Compared to the Three Months Ended June 30, 2015

During the three months ended September 30, 2015 (“Q3”) the Company reported a net loss of \$856,202 compared to a net loss of \$308,198 for the three months ended June 30, 2015 (“Q2”), for an increase in loss of \$553,004. A review of the components of these losses, and the changes from quarter to quarter, which contributed to this increase in net loss was due to the recognition of a foreign exchange gain of \$17,213 in Q2 compared to a foreign exchange loss of \$127,540 in Q3 for an increase in loss of \$144,753, and recognition in Q3 of \$525,000 in general exploration compared to \$nil in Q2.

Included in the total general exploration expense of \$525,000 is \$340,000 for tenure payments on properties previously abandoned. During Q3 the Company became aware that the Ecuadorian government was seeking to collect on these tenure payments and has been negotiating with government officials to finalize the amount and the time period over which the payment will be made. The Company has accrued an estimate of the obligation. The \$185,000 balance of general exploration represents the costs under the Ecuadorian fiscal system for amounts due to the government on an invoice for US \$800,000 issued by the Company to Curimining S.A., a wholly-owned Ecuadorian subsidiary, for costs incurred in Canada on the Company’s Ecuadorian properties. The invoice was issued to Curimining S.A. to officially transfer to Ecuador certain costs which had been incurred in Canada in order to demonstrate compliance with work program commitments made in fiscal 2014. The Company is in negotiations with government authorities to establish the timeline for payment of these fiscal costs.

The increase in the net loss in Q3 was partially offset by the increase in interest expense in Q2 when the Company recorded additional interest expense of \$80,768 from the value assigned to warrants issued to the promissory note holders. In addition the Company recorded audit expenses of \$17,994 in Q2 compared to \$6,327 in Q3 as the majority of the audit expenses were paid in Q2. Salaries and benefits decreased by \$17,338 from \$94,591 in Q2 to \$77,253 in Q3, due to the reduction in Company staffing levels.

Nine Months Ended September 30, 2015 Compared to the Nine Months Ended September 30, 2014

During the nine months ended September 30, 2015 (the “2015 period”) the Company reported a net loss of \$1,540,338 (\$0.02 per share), compared to a net loss of \$879,242 (\$0.02 per share) for the nine months ended September 30, 2014 (the “2014 period”), an increase in loss of \$661,096. The increase in loss during the 2015 period is mainly attributed to:

- (i) the recognition in the 2015 period of the \$525,000 provision in general exploration compared to general exploration of \$40,489 during the 2014 period; and
- (ii) a foreign exchange loss of \$202,418 during the 2015 period compared to a foreign exchange loss of \$17,238 recorded in the 2014 period due to the deterioration of the Canadian dollar to the US dollar. The Company has approximately 85% of its current liabilities denominated in US dollars.

Expenses increased by \$475,402, from \$862,817 during the 2014 period to \$1,338,219 during the 2015 period. Specific expenses of note are as follows:

- (i) recorded a provision of \$525,000 in the 2015 period for the anticipated amounts payable for tenure payments and government taxes. In the 2014 period the Company conducted minimal (\$40,489) general activities in the field;
- (ii) incurred \$284,934 (2014 - \$320,936) for salaries and benefits for the management and administrative staff in Ecuador;
- (iii) incurred legal fees of \$20,898 (2014 - \$61,639) for ongoing negotiations to raise financings and correspondence with security regulators on ongoing reporting. During the 2014 period significant legal services were provided to assist in preparation for various financing activities;
- (iv) office expenses decreased by \$15,128, from \$71,622 in 2014 to \$56,494 in 2015, reflecting the Company's reduced activities;
- (v) incurred \$nil (2014 - \$40,489) for general exploration expenses mainly in Colombia; and
- (vi) recognized interest expense of \$144,329 (2014 - \$29,760) on advances received by the Company. During the 2015 period the Company recorded additional interest expense of \$80,768 for the fair value of warrants issued to Promissory Note holders.

The Company has received ongoing advances from corporations related to the Company's President and a director of the Company. Commencing January 1, 2014 the Company agreed to pay interest at 10% per annum. During the 2015 period the Company recorded interest expense for these advances of \$36,352. See also "Transactions with Related Parties".

During March 2015 the Company received US \$350,000 and agreed to issue promissory notes (the "Notes"). On May 1, 2015 the Company issued the Notes and 4,038,717 non-transferable share purchase warrants. The Notes are unsecured, bear interest at 12% per annum, and mature 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 value assigned to the warrants was \$80,768 and has been recorded as interest expense. In addition the Company recorded interest expense of \$27,209.

Investment

The Batero common shares are classified as available-for-sale investment and are measured as fair value. As at September 30, 2015 the quoted market value of the remaining 43,500 Batero common shares was \$3,045.

Exploration and Evaluations Assets

During the 2015 period the Company incurred a total of \$464,521 (2014 - \$902,416) for exploration and evaluation assets comprising of \$431,218 (2014 - \$812,755) on the Curipamba property and \$33,303 (2014 - \$89,661) on other properties.

During the 2015 period the Company's exploration activities were minimal as it was constricted by the Company's lack of funds. Expenditures were primarily limited to payments to maintain the concessions. Details of the expenditures are as follows:

	Ecuador				Colombia	
	Curipamba \$	Ruminahui \$	Santiago \$	Mendez \$	Other \$	Total \$
Balance at December 31, 2013	16,663,933	592,095	368,458	663,656	233,752	18,521,894
Exploration costs						
Camp supervision and personnel	189,716	-	-	-	-	189,716
Camp supplies	19,714	-	-	-	-	19,714
Depreciation	37,416	-	-	-	-	37,416
Environmental studies	16,596	-	-	-	-	16,596
Exploration site	34,596	-	-	-	-	34,596
Fuel	829	-	-	-	-	829
Preliminary economic assessment	118,763	-	-	-	-	118,763
Supplies	6,123	-	-	-	-	6,123
Travel and mobilization	8,067	-	-	-	-	8,067
Vehicles repairs and maintenance	7,262	-	-	-	-	7,262
Water and soil sampling	4,224	-	-	-	-	4,224
	443,306	-	-	-	-	443,306

	Ecuador				Colombia	Total
	Curipamba \$	Ruminahui \$	Santiago \$	Mendez \$	Other \$	\$
Acquisition costs						
Property / concession payments	539,518	12,920	22,042	56,055	-	630,535
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	108,544	-	-	-	-	108,544
Camp supplies	7,271	-	-	-	-	7,271
Environmental studies	3,764	-	-	-	-	3,764
Exploration site	13,116	-	7,559	-	-	20,675
Supplies	3,076	-	-	-	-	3,076
Travel and mobilization	3,870	-	-	-	-	3,870
Water and soil sampling	5,646	-	-	-	-	5,646
	145,287	-	7,559	-	-	152,846
Acquisition costs						
Property / concession payments	285,931	3,916	20,649	1,179	-	311,675
Balance at September 30, 2015	18,077,975	608,931	418,708	720,890	233,752	20,060,256

See also "Properties Update".

Financial Condition / Capital Resources

As at September 30, 2015, the Company had a working capital deficit of \$2,987,002. The Company also is deficient in its work program costs for all of its Ecuadorian properties. See "Properties Update - Ecuador". 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 and its ability to continue to raise additional capital to fund its ongoing business operations and exploration projects. Additional capital may be sought from the sale of additional common shares or other equity or debt instruments and also from joint venture agreements on the Company's properties. There is no assurance 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 has no contractual commitments.

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, 2014 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 nine months ended September 30, 2015 and 2014 the following amounts were incurred with respect to the President, Fredy Salazar, and the CFO, Pablo Acosta, of the Company:

	2015 \$	2014 \$
Mr. Salazar (President)		
- Salaries	119,070	98,487
- Health benefits	<u>3,195</u>	<u>2,775</u>
	<u>122,265</u>	<u>101,262</u>
Mr. Acosta (CFO)		
- Salaries	22,680	19,697
- Health benefits	<u>2,195</u>	<u>2,775</u>
	<u>25,875</u>	<u>22,472</u>
	<u>148,140</u>	<u>123,734</u>

As at September 30, 2015, \$264,546 (2014 - \$22,989) remained unpaid.

(b) *Transactions with Other Related Parties*

- (i) During the nine months ended September 30, 2015 and 2014 the following consulting expenses were incurred with respect to non-executive directors of the Company:

	2015 \$	2014 \$
Etienne Walters	22,679	19,699
Graeme Robinson	17,009	14,774
Nick DeMare	<u>56,699</u>	<u>49,247</u>
	<u>96,387</u>	<u>83,720</u>

As at September 30, 2015, \$301,365 (2014 - \$137,077) remained unpaid.

- (ii) During the nine months ended September 30, 2015 the Company incurred a total of \$18,200 (2014 - \$27,200) 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 September 30, 2015, \$3,000 (2014 - \$8,000) remained unpaid.

- (c) During the nine months ended September 30, 2015 the Company received advances of \$253,642 and repaid advances of \$127,452 from DNG Capital Corp., a private corporation controlled by Mr. DeMare. The advances bear interest at 10% per annum and have no fixed terms of repayment. During the nine months ended September 30, 2015 the Company recorded interest expense of \$6,663 which was unpaid at September 30, 2015. As at September 30, 2015 the principal balance of US \$100,000 remained unpaid.

- (d) During the nine months ended September 30, 2015 the Company received advances of \$88,038 and repaid advances of \$24,230 from Sesmo S.A., a private corporation controlled by family members of Mr. Salazar. The advances bear interest at a rate of 10% per annum and have no fixed terms of repayment. During the nine months ended September 30, 2015 the Company recorded interest expense of \$15,040 which was unpaid at September 30, 2015. As at September 30, 2015 the principal balance of US \$169,387 remained unpaid.
- (e) During the nine months ended September 30, 2015 the Company received advances of \$153,465 and repaid advances of \$148,526 from Amlatminas S.A., a private corporation controlled by Mr. Salazar and Mr. Acosta. The advances are non-interest bearing and have no fixed terms of repayment. As at September 30, 2015 the principal balance of US \$75,507 remained unpaid.

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.

The Company is seeking to amend the 2015 work program with the Ecuadorian government. Should the Company be unable to negotiate an amendment, the shortfall in expenditures may lead to a termination of certain of the Company's concession holdings. See also "Results of Operations".

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at November 30, 2015, there were 63,497,743 issued and outstanding common shares 5,602,030 warrants outstanding at exercise prices ranging from \$0.11 to \$0.35 per share.