

SALAZAR RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

This discussion and analysis of financial position and results of operation is prepared as at November 29, 2021 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2021 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

Certain information in this MD&A may constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, “Forward-Looking Statements”). All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are Forward-Looking Statements. Forward-Looking Statements are often, but not always, identified by the use of words such as “seek,” “anticipate,” “believe,” “plan,” “estimate,” “expect,” and “intend” and statements that an event or result “may,” “will,” “can,” “should,” “could,” or “might” occur or be achieved and other similar expressions. Forward-Looking Statements are based upon the opinions and expectations of the Company based on information currently available to the Company. Forward-Looking Statements are subject to a number of factors, risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the Forward-Looking Statements including, among other things, the Company has yet to generate a profit from its activities; there can be no guarantee that the estimates of quantities or qualities of minerals disclosed in Salazar’s public record will be economically recoverable; uncertainties relating to the availability and costs of financing needed in the future; successful completion of planned drill program; competition with other companies within the mining industry; the success of the Company is largely dependent upon the performance of its directors and officers and Salazar’s ability to attract and train key personnel; changes in world metal markets and equity markets beyond Salazar’s control; mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized; production rates and capital and other costs may vary significantly from estimates; unexpected geological conditions; delays in obtaining or failure to obtain necessary permits and approvals from government authorities; community relations; all phases of a mining business present environmental and safety risks and hazards and are subject to environmental and safety regulation, and rehabilitation and restitution costs; and management of Salazar have experience in mineral exploration but may lack all or some of the necessary technical training and experience to successfully develop and operate a mine. Although Salazar believes that the expectations reflected in the Forward-Looking Statements, and the assumptions on which such Forward-Looking Statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on Forward-Looking Statements, as there can be no assurance that the plans, intentions or expectations upon which the Forward-Looking Statements are based will occur. Forward-Looking Statements herein are made as at the date hereof, and unless otherwise required by law, Salazar does not intend, or assume any obligation, to update these Forward-Looking Statements.

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 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, on the OTCQB under the symbol "SRLZF", and on the Frankfurt Exchange under the symbol "CCG". The Company's executive head office is located in Quito, Ecuador.

The Company's main activities have been the ongoing exploration activities on its Curipamba Project in Ecuador. The Curipamba Project is subject to a 2% net smelter return royalty ("NSR"). In late fiscal 2017 the Company entered into an option agreement (the "Curipamba Option") with Adventus Mining Corporation ("Adventus") whereby Adventus may earn (the "Earn-In") a 75% interest in the Curipamba Project with Adventus funding costs of US \$25,000,000 over five years, including the completion of a feasibility study on the El Domo deposit. Under the Curipamba Option 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 at September 30, 2021 the Company has received total advance payments of US \$1,000,000. As operator, the Company also receives a 10% management fee on certain expenditures, with a prescribed minimum annual amount of US \$350,000.

Upon achievement of commercial production, Adventus will receive 95% of the dividends from the Curipamba Project until its aggregate investment, including the US \$25,000,000, has been recouped minus the approximate Company carrying value of US \$18,200,000 when the Curipamba Option was signed, after which dividends will be shared on a pro-rata basis according to their respective ownership. In certain circumstances where project development is delayed post earn-in, Adventus' ownership position could be diluted.

The Company and Adventus have also entered into an exploration alliance agreement (the "Alliance") to jointly explore Ecuador with the initial focus on zinc assets. The venture, Minera Dos Gemas M2G S.A. ("Dos Gemas"), 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 receives 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 March 2018 the Company and Adventus agreed to transfer the Pijili Project to Dos Gemas under the Alliance upon completion by Adventus of the following considerations:

- (i) on July 17, 2018 the Company received 2,536,232 Adventus common shares at an ascribed value of \$2,028,986;
- (ii) Adventus was also required to fully fund a US \$1,000,000 exploration budget on the Pijili Project by September 28, 2020. Adventus fulfilled this funding commitment in fiscal 2018; and
- (iii) payment of US \$150,000 cash, of which US \$100,000 was received by the Company as at December 31, 2018 and the remaining US \$50,000 was received in August 2019.

The official transfer of the Pijili Project to Dos Gemas was completed in May 2021.

In May 2018 the Company and Adventus agreed to the transfer of the Santiago Project to Dos Gemas under the Alliance upon completion by Adventus of the following considerations:

- (i) on July 17, 2018 the Company received 1,268,116 Adventus common shares at an ascribed value of \$1,014,492;
- (ii) Adventus was also required to fully fund a US \$500,000 exploration budget on the Santiago Project by May 22, 2020. Adventus fulfilled this funding commitment in March 2019; and
- (iii) payment of US \$75,000 in cash to the Company, of which US \$50,000 was received during fiscal 2018 and the remaining US \$25,000 was received in July 2019.

During fiscal 2019 the Company completed the official transfer of the Santiago Project to Dos Gemas.

The Santiago Project is subject to a 1.5% NSR that can be purchased for US \$1,000,000 as well as a 4% net profits interest royalty that is in favour of INV Metals Inc.

During the second half of fiscal 2020 the Company initiated an exploration work program on its 100% owned properties at Los Osos, geophysics at Macara and sampling as Rumiñahui. During fiscal 2021 the Company is continuing its work programs on its 100% owned properties.

Corporate/Equity Changes for the Nine Months ended September 30, 2021

1. In January 2021 the Company received TSXV approval to the Los Santos LOI and, at Mesoloma's election, the Company issued of 177,283 units comprising 177,283 common shares and 88,642 warrants.
2. On February 2, 2021 the Company completed a non-brokered private placement of 18,572,000 common shares for proceeds of \$6,500,200. The funds raised are being used to accelerate exploration of the Company's 100% owned portfolio.
3. On April 23, 2021 Ms Jennifer Hui Wu resigned as a director and on June 14, 2021 the Company appointed Mary Gilzean, MSc Geology, as a director of the Company. Ms. Gilzean has over 25 years of experience in international mineral exploration and human resources management.
4. On July 22, 2021 the Company was successfully upgraded from the OTCQB Venture Market to the OTCQX Best Market under the same symbol "SRLZF".

COVID-19

In March 2020 the World Health Organization ("WHO") declared a global pandemic of the novel coronavirus identified as "COVID-19". In order to combat the spread of COVID-19 governments worldwide, including Ecuador and Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company and its strategic partner temporarily had suspended all its site activities at the Curipamba, Pijili and Santiago projects, while desktop and office work continued remotely where possible. In July 2020 there was a partial lifting of COVID-19 related restrictions and the Company resumed field and drilling activities, complying with guidance from the government of Ecuador and the development of detailed COVID-19 health and safety protocol for resumption of field activities at both the Curipamba and Pijili projects and other Company owned projects. While the overall impact on the Company has not been material, whether or not there will be a significant impact in 2021 is dependent on whether there will be further spikes in infection, the spread of the virus and its variants, the timely rollout of the vaccines and their effectiveness in managing the spread, the lifting of mobility restrictions, the recovery of the global economy and the volatility of the commodity markets, all of which are uncertain and may impose significant negative impact on the operations of the Company.

On April 5, 2021, the World Bank announced that it has approved \$150,000,000 in additional financing to the COVID-19 Emergency Response Project for the procurement of COVID-19 vaccination in Ecuador which the Government of Ecuador expects to help cover the immunization needs for approximately 30% of the population. According to <https://ourworldindata.org/covid-vaccinations>, over 66% of the population in Ecuador has received at least one vaccination as of October 31, 2021.

Property Highlights for the Three Months Ended September 30, 2021

Feasibility Study - El Domo

All the required studies for the Feasibility Study at the El Domo ("El Domo") volcanogenic massive sulphide ("VMS") deposit in Curipamba were completed during the three months ended September 30, 2021. On October 26, 2021, Adventus and the Company announced the results of the Feasibility studies as well as updated mineral resources of El Domo. The following summarizes the results. (See "Curipamba - El Domo Feasibility Study" below for more details).

Open Pit Feasibility Study Results		Feasibility Study
After-Tax NPV (\$M, 8% discount rate)		\$259
After-Tax IRR (%)		32%
Cumulative First 6 Years of After-Tax Cashflow (\$M undiscounted)		\$495
Initial Capital Cost (\$M, incl. refundable Value Added Tax (VAT))		\$248
Total Life of Mine Capital Cost including Closure (\$M)		\$316
All-In Sustaining Cost (“AISC”) (\$/lb CuEq Basis)		\$1.26
Payback Period (years)		2.6

The following open-pit mineral reserves statement forms the basis for the Feasibility Study. (See “Curipamba – El Domo Feasibility Study” below for notes to the mineral reserves statement)

Classification	Tonnage (kt)	Grade					Contained Metal				
		Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Pb (kt)	Zn (kt)	Au (koz)	Ag (koz)
Proven Reserves	3,136	2.50	0.2	2.30	2.83	41	78.4	6.7	72.0	285	4,175
Probable Reserves	3,343	1.39	0.3	2.67	2.23	50	46.4	9.4	89.4	240	5,342
Proven + Probable	6,478	1.93	0.2	2.49	2.52	46	124.9	16.2	161.4	525	9,517

Environmental and Social Impact Assessment (“ESIA”) – El Domo

On November 18, 2021, the Company and Adventus announced that the ESIA for the Curipamba Project has been completed and the environmental licensing process has been initiated with the appropriate ministry. (See “Curipamba – El Domo Environmental and Social Impact Assessment (“ESIA”) below for more details and news release dated November 18, 2021).

The ESIA includes a comprehensive monitoring and management plan that details the mitigation offered by the Curipamba Project to avoid or reduce impacts to acceptable levels, such as:

- (i) the use of rain water for the process plant that eliminate the need for surface water intake structures;
- (ii) active management of geochemically active waste rock identification ensure avoidance of acid drainage;
- (iii) protection and propagation of flora and fauna species where effects are predicted in remnant forest patches which may offer habitat to important biodiversity; and
- (iv) introduce key benefits to local communities and to Ecuador in areas of temporary employment opportunities during construction and permanent jobs during operations, partnership and capacity building opportunities to maximize participation of local businesses, economic diversification of local economy, and life of mine royalties and taxes to the government.

Exploration

1. Curipamba regional exploration - On August 9, 2021, the Company and Adventus announced that they have identified a new VMS system approximately 4.5 km southwest of the El Domo VMS deposit. Exploration work, including drilling, continued on regional targets previously defined for Curipamba. (See “Curipamba Project – Regional Exploration” below and news releases dated August 9, 2021)
2. Pijilí exploration - drilling program on the Mercy concession at Pijilí was completed in March 2021 with a total of twelve drill holes totalling 7,031 metres on the first of multiple porphyry targets identified. (See “Exploration Alliance – Pijilí” below for more details and news releases dated April 8, 2021 and April 20, 2021)
3. Santiago exploration - community support work, including public health initiatives and socialization of the exploration plans continued at site with a 2,500-metre drilling program being planned for mobilization early 2022.

4. On the Company's 100% owned properties:

- (i) the phase 1 drilling program was completed at Los Osos and assay results from all six holes were announced. (See "Los Osos Project" below);
- (ii) field geophysics at Macara Mina was completed and drilling is planned to start as soon as relevant permits are received;
- (iii) fieldwork at Los Santos to generate targets for a 3,000 m drill program in the second half of fiscal 2021 is almost completed; and
- (iv) all government approvals including the requisite water permits were received and an approximately 3,000-metre diamond drill program has commenced at the Rumiñahui Project. (See "Rumiñahui Project" below)

Property Update - Joint Venture Projects

Curipamba - El Domo Feasibility Study

Results of the Feasibility Study, commenced in July 2020 and led by DRA Americas Inc. ("DRA"), were announced on October 26, 2021 via news release entitled "Adventus and Salazar Announce Feasibility Study Results and Updated Mineral Resources for the Curipamba Copper-Gold Project". A National Instrument 43-101 ("NI 43-101") technical report is expected to be filed within 45 days of the announcement.

On filing the Feasibility Study, in accordance with Curipamba Option, it is expected that Adventus will deliver to the Company a written notice (the "Option Exercise Notice") of the exercise of the option providing a certified statement and details that the earn-in conditions have been fulfilled. On receipt of the Option Exercise Notice, the Company has the right to dispute the content of the statement within 30 days of receipt.

Highlights of the results of the Feasibility Study are as follows:

Mineral Resource Estimate Update

As part of the Feasibility Study, an update to the mineral resource estimate was completed, with an effective date of October 26, 2021 and is disclosed in accordance with National Instrument 43-101 ("NI 43-101") Standards of Disclosure for Mineral Projects and prepared by SLR Consulting (Canada) Ltd. ("SLR"), formerly Roscoe Postle Associates. The updated Mineral Resource estimate (Tables 1a to 1c below) is supported by information provided from 391 core boreholes, totalling 74,992 metres, completed between 2007 and 2021 and possesses a similar footprint to the previous Mineral Resource estimate (see May 2, 2019 news release). The infill drilling in 2020 and 2021 resulted in the upgrading of portions of the Mineral Resource from previously classified Indicated to Measured and Inferred to Indicated categories. Other highlights include copper grades increasing by 9%.

Table 1a. Total Mineral Resource for El Domo, Curipamba Project – October 26, 2021 (sum of tables 1b and 1c)

Resource Category	Tonnes (Mt)	Grade					Contained Metal				
		Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Pb (kt)	Zn (kt)	Au (koz)	Ag (koz)
Measured	3.2	2.61	0.24	2.50	3.03	45	84.9	7.7	81.1	316	4,704
Indicated	5.7	1.83	0.24	2.64	1.98	45	104.5	13.9	150.6	364	8,265
M+I	9.0	2.11	0.24	2.59	2.36	45	189.4	21.6	231.7	680	12,969
Inferred	1.1	1.72	0.14	2.18	1.62	32	18.5	1.5	23.6	57	1,118

Table 1b. Pit Constrained Mineral Resource for El Domo, Curipamba Project – October 26, 2021

Resource Category	Tonnes (Mt)	Grade					Contained Metal				
		Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Pb (kt)	Zn (kt)	Au (koz)	Ag (koz)
Measured	3.2	2.61	0.24	2.50	3.03	45	84.9	7.7	81.1	316	4,704
Indicated	3.8	1.38	0.30	2.77	2.29	52	52.6	11.3	105.2	280	6,370
M+I	7.1	1.95	0.27	2.64	2.63	49	137.5	19.0	186.3	596	11,074
Inferred	0.3	0.34	0.20	1.01	1.34	39	1.2	0.7	3.5	15	430

Table 1c. Underground Mineral Resource for El Domo, Curipamba Project – October 26, 2021

Resource Category	Tonnes (Mt)	Grade					Contained Metal				
		Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Pb (kt)	Zn (kt)	Au (koz)	Ag (koz)
Indicated	1.9	2.72	0.14	2.38	1.37	31	51.9	2.6	45.4	84	1,895
Inferred	0.8	2.31	0.11	2.68	1.74	29	17.3	0.8	20.1	42	688

Notes:

CIM Definition Standards (2014) definitions were followed for Mineral Resources.

Mineral Resources are reported above a cut-off Net Smelter Return (“NSR”) value of \$29/t for Mineral Resources amenable to open-pit mining and the underground portion of the 2021 Mineral Resources are reported with mining shapes which were generated using a \$105/t NSR cut-off value.

The NSR value is based on estimated metallurgical recoveries, assumed metal prices, and smelter terms, which include payable factors treatment charges, penalties, and refining charges.

Mineral Resources are estimated using the metal price assumptions: \$4.00/lb Cu, \$1.05/lb Pb, \$1.30/lb Zn, \$1,800/oz Au, and \$24/oz Ag.

Metallurgical recovery assumptions were based on three mineral types defined by the metal ratio Cu/(Pb+Zn):

- a. Zinc Mineral ($\text{Cu}/(\text{Pb}+\text{Zn}) < 0.33$): 86% Cu, 90% Pb, 97% Zn, 68% Au and 78% Ag
- b. Mixed Cu/Zn Mineral ($0.33 \leq \text{Cu}/(\text{Pb}+\text{Zn}) \leq 3.0$): 86% Cu, 82% Pb, 95% Zn, 55% Au and 67% Ag
- c. Copper Mineral ($\text{Cu}/(\text{Pb}+\text{Zn}) > 3.0$): 80% Cu, 37% Pb, 36% Zn, 14% Au and 29% Ag

NSR factors were also based on the metal ratio Cu/(Pb+Zn):

- d. Zinc Mineral ($\text{Cu}/(\text{Pb}+\text{Zn}) < 0.33$): 53.41 \$/% Cu, 7.99 \$/% Pb, 13.47 \$/% Zn, 30.91 \$/g Au and 0.39 \$/g Ag
- e. Mixed Cu/Zn Mineral ($0.33 \leq \text{Cu}/(\text{Pb}+\text{Zn}) \leq 3.0$): 58.99 \$/% Cu, 7.05 \$/% Pb, 13.41 \$/% Zn, 25.12 \$/g Au and 0.34 \$/g Ag
- f. Copper Mineral ($\text{Cu}/(\text{Pb}+\text{Zn}) > 3.0$): 57.83 \$/% Cu, 6.84 \$/g Au and 0.19 \$/g Ag

Bulk density interpolated on a block per block basis using assayed value, the correlation between measured density values and iron content, and base metal grade. The bulk densities range between 2.1 t/m³ and 4.6 t/m³

Mineral Resources are inclusive of Mineral Reserves.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The underground portion of the Mineral Resources are reported within underground reporting shapes and include low grade blocks falling within the shapes.

Qualified Person (“QP”) is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the Mineral Resource estimate

Numbers may not add due to rounding.

Feasibility Study Mineral Reserves

The basis of the Curipamba Feasibility Study is on the maiden open-pit Mineral Reserves that were estimated from the updated open-pit Mineral Resources and on the mine design by DRA (Table 2).

Table 2: Open-Pit Mineral Reserves Statement

Classification	Tonnes (kt)	Grade					Contained Metal				
		Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Pb (kt)	Zn (kt)	Au (koz)	Ag (koz)
Proven Reserves	3,136	2.50	0.2	2.30	2.83	41	78.4	6.7	72.0	285	4,175
Probable Reserves	3,343	1.39	0.3	2.67	2.23	50	46.4	9.4	89.4	240	5,342
Proven + Probable	6,478	1.93	0.2	2.49	2.52	46	124.9	16.2	161.4	525	9,517

Notes:

1. Waste: Ore Strip Ratio 6.02 : 1 not including pre-strip waste and 8.59 : 1 including pre-strip waste
2. The effective date of the Mineral Reserve Estimate is October 26, 2021.
3. Mineral Reserves are reported in accordance with CIM Definition Standards (2014) and best practice guidelines (2019).
4. An NSR cut-off grade of \$32.99 was used for all material.
5. Mineral reserves were estimated at a gold price of \$1,630/oz, a silver price of \$21.00/oz, a lead price of \$0.92/lb, a zinc price of \$1.16/lb, and a copper price of \$3.31/lb; they include modifying factors related to mining cost, dilution, mine recovery, process recoveries and costs, G&A, royalties, and rehabilitation costs.
6. Figures have been rounded to an appropriate level of precision for the reporting of Mineral Reserves.

7. Due to rounding, some columns or rows may not compute exactly as shown.
8. The Mineral Reserves are stated as dry tonnes processed at the crusher.
9. Tonnages are presented in metric tonnes

Open-Pit Feasibility Study

The Feasibility Study is based only on open-pit Mineral Reserves, whereas the 2019 preliminary economic assessment included both the open pit and potential underground Mineral Resources (“2019 PEA”). Table 3 provides a summary of the key Feasibility Study results with sensitivity scenarios for higher and lower metal prices also shown.

Table 3: Open Pit Feasibility Study Results

Open Pit Feasibility Study Results	Feasibility Study Base Case	-15% Price Deck	Spot Prices as of October 19, 2021
After-Tax NPV (\$M, 8% discount rate) ⁽¹⁾	\$259	\$159	\$423
After-Tax IRR (%) ⁽²⁾	32%	23%	44%
Cumulative First 6 Years of After-Tax Cashflow (\$M)(discounted)	\$495	\$391	\$664
Initial Capital Cost (\$M, incl. refundable VAT) ⁽³⁾		\$248	
Total Life of Mine Capital Cost including Closure (\$M) ⁽⁴⁾		\$316	
AISC (\$/lb CuEq Basis) ⁽⁵⁾	\$1.26	\$1.23	\$1.41
Payback Period (years)	2.6	3.2	2.1
Nominal processing capacity (tpd)		1,850	
Average annual payable production (Years 1 - 9) ⁽⁶⁾		Cu = 11 kt	
		Au = 26 koz	
		Zn = 12 kt	
		Ag = 488 koz	
		Pb = 0.5 kt	
Metal prices assumed	CuEq= 23 kt	CuEq= 22 kt	CuEq= 21 kt
	\$1,700/oz Au	\$1,445/oz Au	\$1,766/oz Au
	\$23.00 /oz Ag	\$19.55 /oz Ag	\$23.29 /oz Ag
	\$3.50 /lb Cu	\$2.98 /lb Cu	\$4.72 /lb Cu
	\$0.95 /lb Pb	\$0.81 /lb Pb	\$1.10 /lb Pb
	\$1.20 /lb Zn	\$0.98 /lb Zn	\$1.70 /lb Zn
<i>Notes:</i>			
1) Unless otherwise noted, all currencies are reported in US dollars on a 100% project basis			
2) Assumes an 18-month construction period as the basis for the internal rate of return (“IRR”) and net present value (“NPV”) calculations			
3) Capital cost estimates are to AACE class 3, are based primarily on contractor quotes and vendor equipment pricing, and includes 12% VAT (~\$25M total) on the applicable work/materials, as well as an approximate 10% contingency. A developmental capital package (~\$25M) for the progression of early works and project design is assumed to be sunk and not included in the capital cost shown here. It is envisioned to be spent prior to a construction decision.			
4) Includes credit for \$10M salvage at end of mine life			
5) AISC per pound copper, cash cost per pound and cash cost per pound are not measures recognized under IFRS and are referred to as non-GAAP measures. These measures have no standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. AISC per pound copper represents mining, processing, site general and administrative costs, royalties, refining, penalties, concentrate transport, and sustaining capital dividend by payable copper equivalent pounds.			
Copper Equivalent Calculation: (Payable Metals NSR Ag, Zn, Pb, Au, Ag) / (Payable Metals NSR Cu) * (Payable Copper t)			
6) Year 10 excluded from the average as it is a partial year of production.			

Open-Pit Mining

The open-pit will be mined using a traditional truck and shovel operation with a contractor mining fleet consisting of drills, shovels, front end loaders, and 40-ton haul trucks. The open-pit will be developed in four phases and operate for approximately 10 years of production, with total material movement of 61.8 Mt (6.5 Mt ore and 55.3 Mt waste) at a strip ratio of 8.6 (including pre-stripping) and 6.02 without pre-stripping included. The open-pit mine design consists of a single pit with a mining sequence to maximize grade, but also provides suitable construction material for the project infrastructure and waste management facilities during construction. Mining of ore is expected to begin within 18 months of the start of pre-production waste movement.

Open-Pit Processing

Previously conducted metallurgical test-work programs in 2014 and 2019 were supplemented with further comminution, flotation, locked cycle, solid/liquid separation test-work programs and associated mineralogy and assays during 2020 and 2021. Samples consisted of remaining material from the 2019 test-work campaign and new composite samples taken from representative drill cores in 2020 and 2021. Results corresponded well with previously completed test-work with improvements in recoveries and grades incorporated in the Feasibility Study.

Net recoveries to copper, zinc, and lead concentrates total 87.5% for copper, 84.7% for zinc, 51.8% for gold, 63.6% for silver, and 30.3% for lead. The net recoveries only include metals that are payable in their respective concentrates. The process plant is expected to ramp-up production over a three-month period following completion of construction to a steady state throughput rate of 666,000 tonnes/year (1,850 tpd). The processing plant design includes a comminution circuit consisting of a two-stage crushing circuit followed by ball milling, and sequential flotation circuits producing copper, zinc, and lead concentrates.

Site Infrastructure

The major infrastructure items considered and costed in the Feasibility Study support a mining and milling operation that is expected to operate 24-hours per day, seven-days per week. The design of project infrastructure has prioritized environmental protection, workforce safety, and operating efficiency while minimizing community impacts. The project site will consist of the open-pit mine and mining related workshops, a processing plant, waste rock and conventional tailings facility, and support service infrastructure such as warehousing, offices and workshops.

The project site is water positive for which water capture, treatment and discharge infrastructure has been allowed for and designed. The project will draw water from within the property and contain chemical process water and tailings within the TSF. Water management and treatment has been allowed for to treat both open-pit dewatering and surface facilities run-off to required environmental discharge standards.

The site will be supported by electrical grid power which requires the construction of a 7.1 km 69kV power line. The power grid of Ecuador is supplied mostly by hydro-electric generation, which may offer future credits to the project. The mine and process operations are supported by functional maintenance and administration infrastructure located on site as well as off-site locations for non-critical administrative functions. Select local access roads will be upgraded and maintained throughout the mine life.

The proposed tailings storage is of conventional design containing both tailings and process water. Waste rock and overburden will be split by type and placed in suitably designed facilities that will ensure stability and containment and run-off treatment of any potentially acid generating waste rock. All facilities are located near the open-pit mine to maximize efficiencies and minimize impact. The TSF is suitably designed to international standards for earthquake events, storms and floods.

Initial Capital Costs and Sustaining Costs

The initial capital expenditures for the project as estimated by DRA are summarized in Table 4. Capital expenditures to be incurred after the start-up of operations are assigned to sustaining capital and are projected to be covered by operating cash flows. Project contingencies have been added where applicable, excluding capitalized operating costs, which results in an overall contingency of \$21.9M or 10% (excluding VAT).

The Curipamba project will benefit from established infrastructure in Ecuador, noting that the project is only 150 km by road to the major port city of Guayaquil. Local infrastructure owned by the Partners in the town of Las Naves will further support the project development. The estimated initial capital cost of \$248,000,000 is inclusive of applicable VAT, with approximately \$25,000,000 expected to be refunded against VAT charged upon the commencement of concentrate sales.

Table 4: Initial Capital Cost Estimate

Initial Capital Cost Estimate (\$M)	2021 Feasibility Study Total
Mining	\$52.0
Earthworks	\$34.3
Process Plant	\$84.0
Buildings	\$3.6
Contractor Indirect	\$18.4
Freight & Logistics	\$4.5
EPCM, Owners Cost, Consultants	\$25.0
Surface Mobile Equipment & Spares	\$4.3
Project Contingency	\$21.9
TOTAL	\$248.0⁽¹⁾
<i>Notes</i>	
1) Capital cost estimates are to AACE class 3, are based primarily on contractor quotes and vendor equipment pricing, and includes 12% VAT (~\$25M total) on the applicable work/materials, as well as an approximate 10% contingency. A developmental capital package (~\$25M) for the progression of early works and project design is assumed to be sunk and not included in the capital cost shown here. It is envisioned to be spent prior to a construction decision.	

DRA estimates the life-of-mine sustaining capital for Curipamba to be \$53,000,000, which consists of \$29,000,000 during mine operations and \$34,000,000 in closure costs, offset by an estimated \$10,000,000 in salvage value upon mine closure. Sustaining capital will be funded by operating cash flows.

Open Pit Operating Costs

The estimated operating costs for the Curipamba open-pit mine is \$56.21/tonne (t) of mill feed – see Table 5. DRA has estimated the operating cost based on in-country contractor and supplier quotations, industry benchmarking, proprietary information, and its professional experience.

Table 5: On Site Operating Cost for the Open-Pit

Metric	Unit	Feasibility Study
Open pit mining cost (excl. pre-production)	\$/t mined	3.35
Processing cost	\$/t milled	22.74
G&A	\$/t milled	8.95

Projected Treatment Charges (“TCs”) and transport charges for the copper, zinc and lead concentrates were developed by a global major off-taker based on their extensive mining projects experience in Latin America. Table 6 summarizes the key terms used in the Feasibility Study.

Table 6: Off Site Costs – Copper, Zinc and Lead concentrates

Item	Copper Concentrate	Zinc Concentrate	Lead Concentrate
Treatment Charge	\$80 / dry metric tonne (“dmt”)	\$220 / dmt	\$180 / dmt
Refining Charge			
Primary Metal	\$0.08 / lb Cu	-	-
Gold	\$5.00 / oz	-	\$15.00 / oz
Silver	\$0.50 / oz	-	\$1.50 / oz
Payability			
Copper	96.5%	-	-
Zinc	-	85%	-
Gold	95%	75%	95%
Silver	90%	75%	95%
Lead	-	-	95%
Moisture %		10%	
Transportation		\$71.74 / wet metric tonne (“wmt”)	

The concentrates are of good quality, with strong precious metals credits. A minor penalty for the combined zinc and lead grade in the copper concentrate was applied, at a rate of \$3.00 / dmt for every 1% over 4%. Life-of-mine penalties for the copper concentrates were calculated to be approximately \$4,700,000, which could be decreased further with future blending strategies. Concentrates will be trucked approximately 275 km to the deep-water port at Posorja, southwest of Guayaquil, primarily on the Pan American highway, and shipped internationally.

Taxes and Royalties

Taxes and royalties that are presented in the Feasibility Study were based on Ecuadorian legislated tax rates and reviewed by an independent tax consultant. Improvements may be possible based on final terms agreed upon with the Ecuadorian government within the exploitation agreement. Based on long-term prices assumed in the Feasibility Study, life-of-mine royalties to the government are estimated to be \$59,000,000, value added taxes (“VAT”) are estimated to be \$65,000,000, while additional state taxes of \$105,000,000 and income taxes of \$147,000,000 – for an estimated total of \$376,000,000 in taxes and royalties to the government of Ecuador over the 10 year mine life. An additional 2% NSR royalty is also payable to Altius Minerals Corporation. The VAT portion of the taxes are assumed to be refundable against exported concentrate revenues.

Environmental and Community Matters

See “Curipamba – El Domo Environmental and Social Impact Assessment (“ESIA”)” below for more details.

Underground Mine PEA

The updated PEA for the underground mine expansion assumes the same metallurgy, treatment charges, refining charges, penalty assumptions, transport charges, tax structure, royalties, and surface infrastructure as the open-pit Feasibility Study. In particular, the process plant will be used for the underground operation, and the tailings storage facility has sufficient excess capacity to support the underground operation. As a result, this section will only summarize the underground PEA highlights, including the updated Mineral Resources amenable to underground mining, capital and operating costs estimates, and financial metrics.

The underground mine plan consists of 2.0 million tonnes at 2.48% Cu, 2.18% Zn, 1.25 g/t Au, 28.1 g/t Ag, 0.13% Pb of diluted Indicated Resources, and 0.8 million tonnes at 2.13% Cu, 2.46% Zn, 1.60 g/t Au, 26.4 g/t Ag, 0.09% Pb, of diluted Inferred Resources.

For consistency, the years of operation for the Underground PEA use the same starting point as the open-pit Feasibility Study, however the underground PEA is considered a separate mine plan on mineral resources exclusive of those used in the open-pit mine plan and will not potentially commence until the open-pit reserves are exhausted in year 10. Development capital for the Underground PEA is anticipated to be spent starting in year 9, to allow for the start of underground operations in year 10. NPV and IRR calculations for the Underground PEA have been significantly discounted back to year -2.

The preliminary economic assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Table 7: Curipamba Underground Mine PEA Results

	Underground PEA Base Case	-15% Price Deck	Spot Prices as of October 19, 2021
After-Tax NPV (\$M, 8% discount rate) ⁽¹⁾⁽²⁾	\$49	\$27	\$93
Total development capital for underground (\$M) ⁽³⁾		\$42	
Nominal processing capacity (tpd)		1,850	
Average annual payable production (Years 11 - 14)	Cu = 14 kt CuEq = 20 kt	CuEq = 20 kt	CuEq = 20 kt
Metal prices assumed	\$1,700/oz Au \$23.00 /oz Ag \$3.50 /lb Cu \$0.95 /lb Pb \$1.20 /lb Zn	\$1,445/oz Au \$19.55 /oz Ag \$2.98 /lb Cu \$0.81 /lb Pb \$0.98 /lb Zn	\$1,766/oz Au \$23.29 /oz Ag \$4.72 /lb Cu \$1.10 /lb Pb \$1.70 /lb Zn

Notes:

- 1) Unless otherwise noted, all currencies are reported in US dollars on a 100% project basis. Metals prices used are the same as the Feasibility Study
- 2) Underground PEA net present value ("NPV") calculations are discounted back to Y-2 of the open pit LOM for consistency
- 3) Capital cost estimate is based on DRA in-house estimates and benchmarking, inclusive of 12% VAT (~\$4.5M)
- 4) CuEq is calculated as follows: (Payable Metals NSR Ag,Zn,Pb,Au, Ag)/(Payable Metals NSR Cu)* (Payable Copper t)

DRA has selected a drift and fill mining method for the Underground PEA to maximize mine recovery. The 2019 PEA assumed a room and pillar operation which had a lower overall mine recovery due to resource material left behind in the pillars despite having a similar development and operating cost.

The El Domo underground deposit is amenable to a drift and fill operation and can supply the mill with 1,850 tpd throughput. A 20-metre pillar composed primarily of waste rock will separate the exhausted open-pit from the underground mine. Development cost is estimated at \$5,239/m for drift and fill.

Underground Mine Operating Costs

The estimated operating cost for the Curipamba underground mine is \$75.58/t of mill feed exclusive of processing and G&A costs. DRA has estimated the operating cost based on in-country contractor and supplier quotations, industry benchmarking, proprietary information, and its professional experience.

Table 8: On Site Operating Cost for the Curipamba Underground Mine

Metric	Unit	PEA
Underground mining cost	\$/t mined	70
Cemented rock fill	\$/t mined	5
Stockpile rehandling	\$/t of stockpile	0.33
Mine dewatering	\$/t mined	0.25
Processing cost	\$/t milled	22.74
G&A	\$/t milled	8.95

Future Steps for Curipamba

Adventus and the Company are undertaking a comprehensive review of all strategic development options, including concentrate off-take and project finance packages, as well as potential options for strategic investment or a corporate transaction. Commercial discussions are at an advanced stage for up to \$240M of non-equity financing. It is expected a final decision will be made on the strategic development options by the end of the first quarter of 2022, at which point the detailed engineering phase is expected to have begun.

Following the completion of the Feasibility Study, Adventus and the Company will progress the following workstreams prior to construction decision approval and ramp-up to full scale construction:

- Complete detailed engineering
- Additional geotechnical drilling and test work to support the detailed design
- Additional geochemistry test work
- Upgrade existing and construct a new access road to the project site
- Power line detailed engineering, permitting and preparatory work
- Commence site preparatory infrastructure work (fencing, on-site roads, clear & grub, etc.)
- Install the previously purchased construction camp (see July 14, 2021 news release)
- Purchase engineering / vendor data for long lead equipment to support the detailed design (ball mill, flotation cells etc.)
- Prepare request-for-proposal documentation and tender the major construction contracts (mining, earthworks, concrete, steel, mechanical/piping, electrical and instrumentation), in preparation for award
- Complete final land acquisition
- Receive ESIA approval, and sign-off on investment and likely exploitation agreement

These activities are expected to cost approximately \$25,000,000 to complete and are being funded through existing treasury cash and capital options as part of the current strategic review. These costs are not included in the Feasibility Study capital cost estimate or financial results, as they are required to be completed prior to a final construction decision expected by the end of 2022.

The estimated cost to further advance the underground mine to a Feasibility Study design is approximately \$8,000,000, requiring an estimated 2.5 years to complete. This is envisioned as a program once initial production from the open-pit is achieved and shall be financed through cash flows from the open-pit mine operations.

Technical Information and Quality Control & Quality Assurance (“QAQC”)

The Curipamba Project resource-related work program is being managed and reviewed by Adventus’s Vice President Exploration, Jason Dunning, M.Sc., P.Geo., a non-Independent Qualified Person within the meaning of NI 43-101. Salazar 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.

The engineering and technical content of the Feasibility Study and Underground PEA has been reviewed and approved by Mr. Dustin Small, P.Eng., Vice President of Projects for Adventus, a non-Independent Qualified Person, as defined by NI 43-101.

Qualified Persons

The Mineral Resources disclosed in the October 26, 2021 press release have been estimated by Ms. Dorota El Rassi, P.Eng., SLR Consultant Engineer, independent of Adventus. By virtue of the education and relevant experience, Ms. El Rassi is “Qualified Person” for the purpose of National Instrument 43-101. Ms. El Rassi has read and approved the contents of this press release as it pertains to the disclosed Mineral Resource estimates.

Philip De Weerdt, Pr.Eng., MBA, Project Manager for DRA Americas Inc. is the Independent Qualified Person for the infrastructure, cost estimates, and financial results contained in the October 26, 2021 news release. Mr. De Weerdt, Pr.Eng., MBA, has been directly involved in the planning, implementation, and reporting of all related results.

Daniel Gagnon, P.Eng., Principal Mining Engineer for DRA Americas Inc. is the Independent Qualified Person for the open-pit mine design and mineral reserves contained in the October 26, 2021 news release. Mr. Gagnon, P.Eng., has been directly involved in the planning, implementation, and reporting of all mining related results.

Andre-Francois Gravel, Senior Mining Engineer for DRA Americas Inc. is the Independent Qualified Person for the underground PEA contained in the October 26, 2021 news release. Mr. Gravel, P.Eng., has been directly involved in the planning, implementation, and reporting of all results for the underground PEA.

Volodymyr Liskovych, PhD, P.Eng., Principal Process Engineer for DRA Americas Inc. is the Independent Qualified Person for the mineral processing information contained in the October 26, 2021 news release. Mr. Liskovych, PhD, P.Eng., has been directly involved in the planning, implementation, laboratory work, and reporting of all process related results.

Brett Stephens, RPEQ, CPEng, P.Eng, P.E., Principal, Senior Geotechnical Engineer for Klohn Crippen Berger is the Independent Qualified Person for the Tailings and Waste Rock Facility information contained in the October 26, 2021 news release. Mr. Stephens, RPEQ, CPEng, P.Eng, P.E., has been directly involved in the planning, implementation, and reporting of all results.

Ken Embree, P.Eng., President of Knight Piésold is the Independent Qualified Person for the environmental and community information contained in the October 26, 2021 news release. Mr. Embree, P.Eng., participated in the planning, implementation, and reporting of all results.

Each of the individuals above are IQPs for the purposes of NI 43-101. All scientific and technical information in the October 26, 2021 news release in respect of El Domo and or the Feasibility is based on information prepared by or under the supervision of those individuals.

The Mineral Resource estimate and Mineral Reserves statement in the October 26, 2021 news release has been classified in accordance with CIM Definition Standards – For Mineral Resources and Mineral Reserves (May 14, 2014). An NI 43-101 Technical Report will be filed on SEDAR within 45 days of the disclosure of the news release.

ESIA

On November 18, 2021, the Company and Adventus announced that the ESIA for the Curipamba project has been completed and the environmental licensing process has been initiated with the Ecuadorian Ministry of Water, Environment and Ecological Transition (the “MAATE”). The completed ESIA is the culmination of over two years of environmental, community, and engineering activities led by the Corporation, with the assistance of several internationally recognized and Ecuador-experienced consulting firms. Importantly, the ESIA includes all technical design and project scope parameters detailed in the recently completed Curipamba feasibility study (“Feasibility Study” – see October 26, 2021 news release). The Company and Adventus expect to work closely with MAATE during the ESIA review period as approval is required for the construction decision on the Curipamba project.

The environmental licensing process commences with a formal review of the ESIA by the MAATE. The first step is a technical review by the MAATE of the information presented, and the issuance of observations for comment and clarification by the applicant. Once the MAATE has technically accepted the ESIA, the public consultation process will begin. According to Ecuadorian legislation, this consultation process will be led by MAATE and supported by the applicant. Following public consultation, feedback will be incorporated into the ESIA for final approval by MAATE and the issuance of the Environmental License which allows for submission and approval of relevant sectoral permits prior to the start of construction. In parallel, the Corporation will continue with community meetings and stakeholder engagement throughout 2022.

Other Key Permits & Approvals

In parallel with the ESIA process, Adventus and the Company are continuing discussions with relevant government authorities to progress other key permits and approvals for the Curipamba project, including:

- Ministry of Energy and Non-Renewable Resources (MERNNR) for review and approval of the tailings storage facility design
- Ministry of Transportation and Public Works (MTOP) for upgrades to existing access roads and construction of a new main access road

- National Corporation of Electricity (CNEL) for the design and construction of a 69kv power line that will be constructed prior to the start of operations
- Ministry of Foreign Trade, Investment and Fisheries (COMEX) for signing of an investment protection agreement and an exploitation agreement

Curipamba Project - Regional Exploration

The Curipamba project is comprised of seven concessions representing about 21,500 ha and includes the El Domo deposit. No systematic exploration work has been conducted on the greater Curipamba project area since the discovery of the El Domo deposit in 2008 by Salazar. Since completion of the Mobile MT (“MMT”) geophysical survey in 2019, the Corporation has made significant progress generating targets through the processing and integration of all geoscience data collected from surficial geochemistry, geological mapping, prospecting, drilling, and ground geophysical surveys. The various data sets were compiled in order to produce a matrix that will drive exploration logistics and planning through 2020 on priority ranked targets. Targets were classified as either VMS-related, such as the El Domo deposit, or porphyry-related. In total, 15 targets had been defined and ranked in priority during the TGI process. Drilling commenced on the highest-ranking La Vaquera target approximately 8 km southwest of the El Domo deposit in March 2020 just before all field work was suspended due to COVID-19 health protocols. Work restarted in October 2020 and results from the regional exploration work program will aid in further pipeline development of drill ready locations in the favourable strata that hosts the El Domo deposit. Drilling results from the La Vaquera-Sesmo Sur targets can be found in the February 24, 2021 and May 12, 2021 press releases.

Regional drilling on the Agua Santa target started mid-June 2021 and six drill holes have been successfully completed totaling 1,588 metres with one drill hole in progress. VMS mineralization was identified in the first drill hole of the work program designed to test the edge of a Mobile MT (“MMT”) airborne geophysical anomaly that coincided with both favourable geology and surface geochemistry results from prospecting in nearby creek beds. The drill site location was limited due to limited access to surface rights, but additional surface rights have been recently acquired, providing wider access and coverage of the MMT geophysical anomaly for additional drilling.

The identification of this new VMS system at Agua Santa target (see August 9, 2021 news release for maps and detailed drilling results) meant the Corporation increased the regional drilling budget from 4,000 metres to 6,000 metres in 2021, principally to further assess the Agua Santa area. Other high priority targets defined during the 2020 target generation initiative process remain untested (see January 21, 2020 news release). Of key importance is that most of these targets are new and have not seen significant exploration or drilling historically. Results will be released after receipt from the laboratory and having passed QAQC protocols.

Exploration Alliance - Pijilí Project

The Pijilí Project consists of three concessions totalling 3,246 hectares that is subject to a \$5,000,000 spending commitment over four years. Pijilí 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 present.

A MobileMT geophysical survey was conducted on concessions for Pijilí Project. Field crews successfully completed 91.4% line-kilometres at Pijilí Project in 2019 and drilling targets were identified through a regional surficial geochemistry sampling program coupled with detailed property mapping for geology and hydrothermal alteration. The main targets at the Pijilí project are Cu-Au-Mo porphyry and orogenic gold deposits.

Between July 2020 and March 2021, a total of twelve drill holes has been completed on the Mercy concession totalling 7,031 metres, all of which hit porphyry-style copper-gold-molybdenum mineralization. Ten of the twelve drill holes intersected greater than 100 metres of porphyry mineralization ranging between 100 to 424 metres. One of the drill holes also intersected a high-grade, near-surface silver-tungsten zone. The wide-spaced exploration drilling has traced porphyry-style mineralization approximately 2 km from the artisanal mine site (see June 8, 2020 and October 26, 2020 news releases) northwest to the northern Mercy concession boundary. (See April 20, 2021 news release for maps and detailed drilling results.)

In the Rosa de Oro and Carmen de Pijilí concessions, regional prospecting and geological mapping resulted in the total collection of 286 grab and float samples have been collected from the Rosa de Oro concession and 312 grab and float samples have been collected from the Carmen de Pijilí concession. The samples were principally from creeks

and river exposures over both concessions that identified four high-priority areas for follow-up called El Pato, Rosa de Oro, Naranjos, and Papagayo. (See April 8, 2021 news release for maps and detailed results.)

Future Steps

Given the positive results from the drilling program on the Mercy concession intersecting porphyry mineralization in all twelve drill holes, opportunities are being assessed for a second phase of exploration drilling for later in 2021 or early 2022 to focus on expanding the areas of higher-grade mineralization. Future drilling would continue developing the geological understanding of the new Ensillada porphyry system discovery. In the interim, fieldwork will continue advancing the manual test pit program to further trace porphyry mineralization and aid with the definition of drilling targets. This work on Mercy concession will run in parallel with the continued exploration on the Rosa de Oro and Carmen de Pijili concessions 8.0 km to the west where targets are being developed for possible drill-ready status.

For Rosa de Oro and Carmen de Pijili concessions, the technical team will continue the target generation initiative over the next four to five months focusing on the four high priority areas. El Pato is the furthest advanced of the four high priority areas and it is developing into a prospective copper porphyry target. The other three targets need additional field work that will be completed throughout the rest of 2021. The objective is to have drill-ready targets available prior to the end of 2021.

Exploration Alliance - Santiago Project

The Santiago Project consists of a single concession that encompasses 2,350 hectares. 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 (see Salazar news release for technical summary on February 23, 2012):

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 Alliance completed an airborne Mobile MagnetoTellurics (“MobileMT”) geophysical survey that was flown over Santiago at 150-metre line spacing (see April 5, 2019 news release for maps and detailed results). The historical exploration results from prior operators were integrated with the MobileMT geophysical mapping (apparent conductivity, resistivity, RTP, and TMI-RTP magnetics) to generate preliminary target areas for validation and field follow-up.

The principal target area at Santiago has coincident geological, geochemical and geophysical indicators that include quartz-alunite alteration, a large gold rock chip geochemical anomaly identified by Newmont (~ 2,200 by 600 metres), and both a low frequency apparent conductivity geophysical and resistivity anomaly of approximately 3,000 by 2,000 metres, and TMI-RTP magnetic low of approximately 2,000 by 1,500 metres that is encircled by areas of higher magnetic response. The magnetic low is suggestive of magnetic mineral destruction from hydrothermal alteration. This principal target is also coincident with historical drilling by Prospection and Newmont; however, a 3D review indicates that due to the short drill hole lengths, these two historical drilling programs do not provide an explanation for the large MobileMT geophysical anomaly, which suggests that additional, deeper drilling is warranted (see June 15, 2020 news release). The technical team will continue the target generation.

Qualified Person

Vice President Exploration for Adventus, Mr. Jason Dunning, M.Sc., P.Geo., a Qualified Person (“QP”) as defined by National Instrument 43-101, is the QP for the Exploration Alliance Projects in Ecuador and has reviewed and verified the technical information provided.

Wholly-Owned Portfolio

The Company continues to work on its strategy to discover, de-risk and define deposits within its wholly-owned portfolio. The Company intends to retain 100% ownership of its top future discovery prospects and to find mid-tier or major mining company partners for the more advanced work on its non-core discoveries.

The Company is working closely with regulators in Ecuador and has established detailed health & safety protocols to enable field work on its 100%-owned licences. The non-renewable resources sector has been designated as strategic and vital to the economy by the government. As such, field work is actively encouraged, while keeping the safeguarding of local communities, employees, and contractors as a priority. Key aspects include strict hygiene, physical distancing and appropriate quarantining.

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 an Ecuadorian individual (the “Macara Vendor”) whereby the Company was granted an option (the “Macara Option”) to acquire a 100% interest in one concession (the “Macara Mina Concession”) located in the province of Loja, Ecuador. The Macara Vendor is currently an employee of the Company however, at the time the Macara Vendor acquired the Macara concessions they were at arm’s length to the Company. Pursuant to the terms of the Macara Option the Company has paid US \$200,000 and agreed to make additional cash payments totalling US \$400,000 (collectively the “Option Proceeds”), as follows:
- US \$200,000 on the earlier of a NI43-101 resource calculation or November 6, 2021; and
 - US \$200,000 on the earlier of a preliminary economics assessment or November 21, 2024.

The Macara Vendor retains a 0.5% NSR, which may be purchased by the Company for US \$1,000,000 at any time.

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

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

The Macara Project lies within Célica 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 with gold caps at surface. 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.

Phase 1 exploration at the Macara Project, in 2019, consisting of mapping and sampling (soils and rocks), has been completed. 240 soil samples, on a 100m x 100m grid were taken, with results as high as 9.94 g/t Au helping to define a 600m x 300m anomaly. 152 rock samples (outcrop and float) were taken, with the highest grade chip sample returning 29.6 g/t Au over 1.0 metre. Applications for appropriate drill, water-use and environmental permits have been submitted. The Company had anticipated executing a first pass drill program of up to 3,000m during fiscal 2020 prior to the disruption caused by COVID-19.

Ahead of drilling to target gold resources, the Macara Mina licence has been digitally mapped to provide a topographic model accurate to 5 cm. On November 12, 2020, the Company announced that it has commenced a ground-based gravity and magnetic geophysical survey comprising seventeen lines, spaced 100 m apart, for 31 line-kms in total. Deep Sounding, High Resolution Geophysics, Peru, were contracted to carry out the work and magnetic and gravity measurements were taken approximately every 100 m.

On January 14, 2021 the Company reported that the geophysical survey was completed in December 2020, the raw data had been received, that interpretation of the gravity and magnetic data was ongoing, and that a final report was being prepared. The Company also reported that it was advancing a 3,000m scout drilling application with plans to drill as soon as relevant permits are granted.

On April 13, 2021, the Company announced the results of an interpretation of the geophysical surveys conducted by Brian Williams, Consultant Geophysicist at Williams Geophysics Ltd (UK). A portion of the area in the southwest could not be surveyed due to prohibitively steep terrain. Due to the rugged topography the Magnetic Vector Inversion (“MVI”) and gravity interpretations were presented at -200m and -500m respectively below surface. MVI was used as that was found to best accommodate the remnant magnetic fields in the magnetic sources. The MVI anomaly is clear from -50m to -200m. The main magnetic body lies beneath the valley in the northern part of the grid, near the center of the large gold-bearing geochemical anomaly. This suggests that the gold is associated with the magnetic body, and the survey showed that the anomaly persists at depth. The magnetic sources appear to lie in an arc trending SSW from north to south across the grid. The gravity survey did not identify a large dense body that would have potentially indicated a massive sulphide occurrence but it did highlight an area of low density in the northern part of the license area. The gravity low coincides well with the hydrothermal breccias and gold anomalies shown in the rock samples. The anomaly improves in resolution with depth. At a depth of 500 m it shows a potential correlation between the gravity signal and the geochemical signal more clearly than shallower slices. The combined gravity and magnetic anomalies, coupled with the geology, indicate that the features may well be part of a feeder system or the host of the mineralization seen at surface. Thick units of pillow lavas are evident in the area, and the low density zone under the geochemical anomaly could be generated by an intrusion.

Rumiñahui Project

The Rumiñahui Project comprises two concessions located in the province of Pichincha, Ecuador.

In the first half of fiscal 2019, the Company continued community liaison at Rumiñahui, supporting the Community Association with projects such as road repairs and agri-initiatives. A scout drilling plan and associated environmental impact assessment have been approved. The application for a water-use permit is underway. The Company has scheduled a Phase 1 drill programme of approximately 3,000m to start dependent on when the COVID-19 situation has stabilized and it is deemed safe to do so by the national and regional authorities of Ecuador who are working closely with the WHO.

With partial lifting of COVID-related restrictions in Ecuador, fieldwork at the Rumiñahui Project commenced in early July 2020 and started with stream sediment sampling, mapping and rock chip sampling. It was the first time that geologists carried out systematic technical work at Rumiñahui since 2007 given the complexity of community relations initially encountered by the Company in the area. After lengthy community engagement and dialogue, the Company signed an access agreement allowing field work to progress. The sampling and mapping work helped to delineate targets that are planned to be drilled in 2021.

On January 14, 2021 the Company reported that preparations for a preliminary drill program of 3,000m to test gold-copper targets during Q2/2021 were underway. The drill program is designed to test historic adits, old workings, near surface veins and stockworks that may be linked to an underlying porphyry. Drilling will be the culmination of years of positive and constructive dialogue with the local community.

On April 13, 2021 the Company reported that preparations for a preliminary drill program of 3,000 m to test gold-copper targets are complete, bar the water use permit. The core shed and logging areas are ready, as are all the support and logistics systems. The Company has complied with the regulatory requirements to qualify for drilling and is now awaiting final sign-off from the local authorities. Near the end of October 2021 the Company received final approvals including the water use permit and drilling on the Rumiñahui Project commenced.

Los Osos Project

The Los Osos Concession is a 229 hectare, single concession, exploration licence located in the Cerro Pelado-Cangrejos mineral district within the Province of El Oro in southwest Ecuador. The licence area hosts a system of veins rich in gold and silver, combined with hydrothermal breccias and mineralised gold-copper porphyries. Several quartz-tourmaline breccias mineralised with chalcopyrite and pyrrhotite are present on the property.

Under previous tenure, the area has been mapped, sampled, and subject to airborne geophysical surveys (magnetic and radiometric). Artisanal miners have historically worked some of the veins, and small scale mining has been active on the Los Osos Concession and the adjacent properties for over fifteen years.

In January 2020 the Phase 1 geological exploration fieldwork at the Los Osos Project was completed and the Company identified extensive sulphide mineralization within porphyries, metamorphic rocks and hydrothermal breccias mapped and tested, peaking at 14.5 g/t gold over 0.6 m in a veined quartzite. An apparent correlation of gold and copper grades with sulphide intensity was noted, and numerous old workings for gold-silver in high-grade veins and in some hydrothermal breccia zones were mapped. One of the mineralized zones, Area A, was traced over approximately 50 m, despite limited exposure. Four samples were taken from a gully ranging from 0.4 g/t gold over a fault zone, to 14.5 g/t gold from a channel sample in veined quartzite. In a second mineralized area, Area B, a broadly continuous breccia body was identified in underground workings over approximately 100m, and mappable at surface approximately 600 m northeast of Area A. Thirty-three samples were taken from the underground workings, and range in grade from six separate samples that returned 0.1 g/t gold in channel samples, to a panel sample in breccia that returned 4.5 g/t gold.

In the northeast of the licence area there are several NE-SW trending quartz-breccia veins that are up to one meter in thickness and can be traced over several hundred meters. These arsenopyrite-pyrite-chalcopyrite veins contain significant gold and silver values and have been extensively worked by artisanal miners. Intense propyllitic-argillic alteration and silicification can be observed across the property.

On September 23, 2020 the Company announced a 5,000m diamond drill program to test mineralized porphyry and associated veins and hydrothermal breccias identified in mapping and sampling. The plan is to drill up to 5,000m starting in October 2020 to test the depth-extent of gold-copper mineralization that is visible at the surface in porphyries and hydrothermal breccias. Drilling at Los Osos is ongoing.

On December 10, 2020 the Company reported the completion of hole OSO-01 at a depth of 647m with favourable visible geology, alteration and sulphides. On January 14, 2021 Salazar reported that hole OSO-02 had been completed at a depth of 576m prior to the cessation of drilling for the Christmas holiday period.

On February 12, 2021 the Company reported assays for holes OSO-01 and OSO-02. The holes focused on hydrothermal breccias and intrusive diorites with porphyry copper-gold potential. Encouragingly, the drilling intercepted significant zones of mineralization that are consistent with a large-scale gold system with 244 m of broad mineralization encountered in drill hole OSO-01.

Drill Results for OSO-01 and OSO-02					
Drill Hole	From (m)	To (m)	Width (m) ¹	Au (g/t)	Cu (%)
OSO-01	0.0	243.7	243.7	0.31	0.06
<i>including</i>	0.0	69.0	69.0	0.58	0.02
<i>including</i>	25.0	28.0	3.0	4.59	0.03
	389.0	393.0	4.0	0.28	0.07
	493.0	529.0	36.0	0.20	0.07
	541.1	553.3	12.2	0.21	0.04
	563.4	574.8	11.4	0.60	0.03
	625.0	631.0	6.0	0.31	0.02
OSO-02	319.0	320.0	1.0	22.90	-
	337.9	339.1	1.2	2.51	-
	539.0	540.8	1.8	1.45	-

¹ Reported intervals are down-hole lengths and not true thickness.

OSO-01 successfully intersected hydrothermal breccias, 0.1 to 3% chalcopyrite, pyrite, pyrrhotite and arsenopyrite, clay alteration (sericite + chlorite), quartz veining, veinlets, and stockworks, with elevated to anomalous gold mineralization. All of which indicates that the hole was drilled into the upper part of a mineralized porphyry system.

The best continuous run of gold grades was present in the metamorphic (quartzitic) host rocks in OSO-01 from surface to 63 m downhole, with an average of 0.58 g/t gold and 0.02% copper over 69 m. Within this run, an interval of 3 m returned 4.59 g/t gold and 0.03% copper from a depth of 25 m. Salazar interprets the higher gold grades in the top section to be a function of a weathering process that caused some enrichment in the oxidized zone. OSO-01 continued into breccias and intrusions that were mapped in old workings, and gold and copper were present throughout the entire hole. The intersection of 244 m @ 0.31 g/t gold and 0.06% copper from surface is highly encouraging. It is also worth noting that not a single sample was below detection limits in the 644 m hole.

OSO-02 was collared in a >200 ppm copper-in-soil anomaly on a slope. It is possible the copper anomaly has been displaced down slope and the source of the anomaly is further up slope, near the overlapping copper and gold soil anomalies. In OSO-02, three veins returned grades above 1 g/t gold, with a maximum of 22.9 g/t gold within a 1 m sample at a down hole depth of 319 m, containing a 30 cm thick vein. In addition, a 1.2 m sample from 337.85 m to 339.05 m returned 2.5 g/t gold, and a 1.75 m sample from 539.00 m to 540.75 m returned 1.4 g/t gold. Furthermore, only seven samples of approximately 2 m each in the 576 m hole were below detection limits, suggesting that OSO-02 is on the margin of a mineralized system.

The multi-hole drill program targeting a large area of unexplored potential at Los Osos is continuing. OSO-03 will be drilled using a rig owned by Andes Drill, Salazar's wholly-owned drilling subsidiary, once it becomes available. The target for OSO-03 is a prospective area to the north of OSO-01 that has coincident copper and gold anomalies in soil.

On April 13, 2021 the Company reported that hole OSO-03 (270°/-60°), a step-out to the north of hole OSO-01, is currently drilling to test the continuity of the mineralization intersected in OSO-01. At time of reporting the hole was at a depth of 508m. The core will be logged prior to dispatch for assay. Following completion of OSO-03 Salazar is planning to drill test the high-grade structures in the northeast of the property.

On June 8, 2021 the Company reported that drill holes OSO-03 and OSO-05, confirmed the widespread presence of mineralization from surface to depth, over 400 m, and open in all directions and at depth. Five holes (3,113m) had been completed. Results from OSO-01 (647 m) and OSO-02 (576 m) were previously reported.

Highlights from the drilling are as follows:

1. **OSO-03** returned significant mineralized intervals to a depth of 525 m downhole
 - 240 m @ 0.4 g/t Au, 0.1% Cu, and 7.1 g/t Ag from 7m, including:
 - 51 m @ 0.5 g/t Au, 0.1% Cu, and 25.1 g/t Ag from 7 m
 - 23 m @ 0.7 g/t Au, 0.1% Cu, and 3.0 g/t Ag from 224 m

- 37 m @ 0.4 g/t Au, 0.1% Cu, and 27.6 g/t Ag from 345 m
- 54 m @ 0.5 g/t Au, 0.1% Cu, and 1.1 g/t Ag from 471 m

2. **OSO-05** showed visual indications of mineralization to a depth of over 800 m downhole
- Assays were pending
 - Located approximately 200 m northeast of OSO-03
 - Although planned to be 500-600 m long it was completed at a depth of 864 m due to continued mineralization

The rig has been moved 500 m back to Pad 1 (collar of OSO-01) to drill west.

Hole OSO-03 was completed at a depth of 597 m and results had been received for the entire hole. Hole OSO-04 was drilled in the south of the area to test a surface anomaly and completed at a depth of 430 m. Samples to a downhole depth of 318 m from this hole had been returned but with no significant results. Assays from the remaining 112 m were pending. Hole OSO-05 was located 200 m northeast of OSO-03 and completed at a depth of 864 m. The first 500 m of OSO-05 had been logged, sampled, and sent to the laboratory for assay. Assays were pending.

Mineralization had been identified in assays over 200m between holes OSO-01 and OSO-03. OSO-05, with visual evidence of mineralization, is a further 200 m step-out to the northeast. Gold grading above 0.5 g/t over 50 m was identified in the upper 60 m of both OSO-01 and OSO-03, and it is open in all directions and at depth. Both holes also returned more than 240 m at gold grades above 0.3 g/t in the uppermost 250 m.

OSO-03 Results

Hole OSO-03 was designed to be an angled hole 500-600 m long, and was completed as planned at a down hole depth of 597 m. Like OSO-01, the hole was collared in metamorphic host rock before entering a suite of hydrothermal breccias, porphyritic andesites, dikes, and diorites. Sulphides were present throughout the hole, predominantly pyrrhotite and pyrite with lesser chalcopyrite and arsenopyrite. The rocks are silicified and exhibit moderate phyllitic alteration, with gold, copper, silver and trace molybdenum present in core. Significant intersections are shown in the following table:

Significant Drill Intersections from Los Osos								
Hole	From (m)	To (m)	Width* (m)	Au (g/t)	Cu (%)	Mo (ppm)	Ag (g/t)	
OSO-03	6.55	246.60	240.05	0.39	0.09	16.52	7.10	
Including	6.55	57.50	50.95	0.52	0.08	9.48	25.12	
Including	223.55	246.60	23.05	0.74	0.11	12.11	2.99	
	345.25	382.00	36.75	0.37	0.06	27.58	0.77	
	470.65	524.15	53.50	0.52	0.07	2.4	1.13	
OSO-04	0.00	318.00	318.00	<i>no significant results returned</i>				
	318.00	430.00	112.00	<i>assays pending</i>				

*Reported intervals are down-hole lengths and not true thickness

The gold content appears to be spatially related to the intrusion complexes, with some good grade continuity in the metamorphic host rocks and in the breccias. The andesites appear to be lower tenor and may be a post-mineralization or a late-stage intrusion.

Following completion of hole OSO-05 the drill rig was moved 500 m back to Pad 1 (the collar location of OSO-01) to drill west. Petrographic study on the core is ongoing, to maximize the understanding of the controls on mineralization to assist further exploration.

On August 13, 2021 the Company announced it had completed the Phase 1 drilling program at Los Osos and it reported the results from the final three holes drilled. In total, six holes were completed:

PHASE 1 DIAMOND DRILL HOLES						
Hole	Easting	Northing	Azimuth	Dip	EOH (m)	UTM Zone
OSO-01	626017	9606455	140	-60	676	PSAD Zone 17S
OSO-02	626117	9605622	90	-60	576	PSAD Zone 17S
OSO-03	626196	9606609	270	-60	597	PSAD Zone 17S
OSO-04	626124	9605205	300	-60	430	PSAD Zone 17S
OSO-05	626387	9606827	270	-60	864	PSAD Zone 17S
OSO-06	626017	9606455	270	-70	516	PSAD Zone 17S

Highlights from the drilling:

1. **OSO-05** returned mineralized intervals to a depth of 796 m downhole, with end of hole at 864 m
 - 30 m @ 0.4 g/t Au, 0.1% Cu, and 1.0 g/t Ag from 44 m, including:
 - 15 m @ 0.6 g/t Au, 0.1% Cu, and 1.1 g/t Ag from 54 m
 - 18 m @ 0.3 g/t Au, 0.1% Cu, and 1.4 g/t Ag from 223 m

2. **OSO-06** returned mineralized intervals to a depth of 514 m downhole, with end of hole at 516 m
 - 87 m @ 0.2 g/t Au, 0.1% Cu, and 0.8 g/t Ag from 160 m
 - 133 m @ 0.2 g/t Au, 0.1% Cu, and 0.6 g/t Ag from 282 m
 - 17 m @ 0.4 g/t Au, 0.1% Cu, and 0.9 g/t Ag from 451 m

The Company reported the results from the last 112 m of OSO-04, and full hole results from OSO-05 and OSO-06. The drill rigs have been redeployed across the Salazar Resources portfolio, in preparation for exploration drilling in conjunction with Adventus Mining and also on Salazar's wholly-owned properties.

Results

Holes OSO-04, OSO-05 and OSO-06 were designed to be angled holes 500-600 m long, or longer if still intersecting abundant sulphide mineralization at depth. Hole OSO-04 did not intersect significant amounts of sulphide and was stopped at a down hole depth of 430 m. Hole OSO-05 intersected abundant sulphide mineralization throughout its length and was eventually finished at a depth of 864 m. Although the hole was visually similar to OSO-03 and encouraged the continuation of the hole to its final depth, the results were lower grade than encountered in OSO-03.

Hole OSO-06 was collared from the same pad as OSO-01, but oriented to the west, rather than to the southeast. Whereas OSO-01 encountered an enriched zone from surface to the southeast, OSO-06 only entered elevated mineralization at a downhole depth of 87 m to the west. Throughout the length of the hole, the sulphide content was estimated to be lower than in holes OSO-01, OSO-03, and OSO-05 and a decision to end the hole at 516 m was taken.

All three holes were collared in metamorphic host rock before entering a suite of hydrothermal breccias, porphyritic andesites, dikes, and diorites. Sulphides were present throughout hole OSO-05 and OSO-06, in particular, predominantly pyrrhotite and pyrite with lesser chalcopyrite and arsenopyrite. The rocks are silicified and exhibit moderate phyllitic alteration, with gold, copper, silver and trace molybdenum present in core.

Significant drill intersections from Los Osos								
Hole	From (m)	To (m)	Width* (m)	Au (g/t)	Cu (%)	Mo (ppm)	Ag (g/t)	
OSO-04	0.00	430.00	430.00	<i>no significant results returned</i>				
OSO-05	41.00	70.61	29.61	0.45	0.06	10.00	1.01	
<i>Including</i>	54.40	69.00	14.60	0.59	0.09	14.00	1.14	
	96.00	121.76	25.76	0.19	0.07	8.06	1.01	
	223.40	241.25	17.85	0.27	0.08	58.71	1.46	
	398.35	460.80	62.45	0.38	0.04	2.46	0.79	
	602.60	611.90	9.30	0.48	0.20	13.32	2.06	
	745.84	796.00	50.16	0.18	0.07	9.24	1.56	
OSO-06	13.30	91.25	77.95	0.24	0.03	16.10	1.16	
	160.40	247.50	87.10	0.22	0.06	11.08	0.78	
	281.60	414.8	133.20	0.22	0.06	5.80	0.60	
	450.70	477.77	17.27	0.37	0.06	3.85	0.85	

*Reported intervals are down-hole lengths and not true thickness

The high-grade vein structures in the northeast of the licence area remain undrilled. Salazar Resources is reviewing the data from Los Osos and will continue to evaluate the options for the project within the broader portfolio of exploration licences.

Los Santos Concession

On December 8, 2020 the Company entered into a binding letter of intent (the “Los Santos LOI”) with Minera Mesaloma S.A. (“Mesaloma”) whereby the Company may acquire a 100% interest in the 2,215 hectares Los Santos Concession, in southwest Ecuador located approximately 10 km northeast of Los Osos.

On January 14, 2021 the Company reported that mapping and sampling had already started with a view to generating drill targets that can be drilled later in the second half of 2021. Key areas of interest are situated where artisanal activity has been concentrated and also where areas of anomalous mineralization have been highlighted in previous exploration. The 2,215 hectare property is situated adjacent to the concessions hosting the 16.7 Moz Cangrejos deposits and it is approximately 10 km northeast of Los Osos project (Salazar 100%).

On April 13, 2021 the Company reported that field crews have mapped about 12% of the 2,215-hectare licence area so far, with a number of soil and rock chip samples collected and assayed. The geochemical plots show that the gold and the copper anomalies are coincident, with gold values high relative to copper. The presence of porphyritic intrusions and artisanal development on structures has been noted, but so far the intense brecciation seen at Los Osos has not been encountered. Fieldwork is continuing with the aim of having drill targets developed by mid-year.

El Potro Project

During the quarter ended September 30, 2021, the Company acquired the mineral title to the 1,175 hectare (“ha”) Correa-Jiron Concession 601062 (“El Potro Project”) in the mineral-rich Loja porphyry district, Ecuador for an initial payment of US \$50,000. The full acquisition price to be paid to the vendors by the Company over a five-year period totals US \$1,150,000 of which US \$ 50,000 has been paid.

Following due diligence, the Company believes that El Potro Project is a new porphyry discovery with significant exploration potential.

The El Potro Project lies in the southeast of Loja Province, southern Ecuador. Altitudes in the single contiguous concession area range from 3,000 m to 3,700 m and access is via gravel roads and mule track from the town of El Airo which is seven km to the west. The project area has been subject to small-scale artisanal mining activity since the Mining Concession was granted in 2010. The El Potro Project has been held by a consortium of private holders since 2010 and the area has not been subject to any recorded systematic exploration.

The area is crossed by a large system of transpressional faults, running north-northeast. A suite of Miocene Portacheula rocks is intruded into older (Jurassic) Chigüinday Très Lagunas units.

Preliminary mapping has identified porphyrytic intrusions, argillic and Ca-K alteration signatures, locally intense stockworks, and a siliceous lithocap. The main stockwork is hosted in porphyry, and exhibits intense quartz veining with visible magnetite and molybdenite. The lithocap is estimated to be 60 m thick and several hundred meters wide. Artisanal mining has concentrated on sulphide-rich portions of the lithocap. Guides to the area demonstrated the gold content by sampling, crushing, and panning.

During due diligence, preliminary geological mapping on traverses was undertaken and 89 rock samples were collected. Assay results showed that 25 of the rock samples were below detection limit for gold, 13 samples were between 6 ppb and 100 ppb, and 49 were greater than 100 ppb. The table below highlights samples from nine areas with either gold above 0.1 ppm (g/t) or copper above 1000 ppm (0.1%).

Highlights from Due Diligence sampling programme

Sample ID	Width (m)	Au (ppm)	Mo (ppm)	Cu (ppm)	Ag (ppm)	Notes on alteration and mineralization
M54311	0.20	0.3	2	81	1.6	Argillic, manganese oxides and hematite
M54312	5.00	0.1	3	2010	51.9	Phyllitic veinlets of quartz, oxidised pyrite
M54315	4.00	0.0	4	2283	5.7	Phyllitic, epi, cpy veinlets, py, malachite, traces of bornite
M54318	8.00	0.8	<2	27	3.0	Intense argillic stockwork, drusy qtz, py, aspy, jarosite
M54319	10.00	0.1	2	22	1.7	Intense argillic stockwork, drusy qtz, py, aspy, jarosite
M54321	3.00	26.6	3	97	11.3	Intense oxidised stockwork, py, jarosite
M54322	3.00	9.0	<2	95	5.1	Intense oxidised stockwork, py, jarosite
M54323	1.00	0.8	<2	34	0.5	Argillic, intense oxidation, hematite
M54379	2.00	0.0	61	1109	1.0	Quartz-sericite
M54380	2.00	0.0	85	1966	0.9	Stockwork, qtz-mag-mo. Contact between porphyry / met

The Company is establishing accommodation and logistics at the site that will enable the team to support sustainable exploration programs. Mapping and sampling will continue with the aim of generating drill targets as quickly as possible.

Qualified Person

Kieran Downes, Ph.D., P.Geo., a Qualified Person (“QP”) as defined by National Instrument 43-101, is the Company’s QP for the Company’s wholly-owned properties and has reviewed and verified the technical information provided.

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 2021			Fiscal 2020				Fiscal 2019
	Sep. 30 2021 \$	Jun. 30 2021 \$	Mar. 31 2021 \$	Dec. 31 2020 \$	Sep. 30 2020 \$	Jun. 30 2020 \$	Mar. 31 2020 \$	Dec. 31 2019 \$
Operations:								
Revenues		Nil						
Expenses	(320,080)	(336,372)	(325,714)	192,752	(280,802)	(547,933)	(536,639)	(228,152)
Other items	95,637	(19,186)	112,166	(2,008)	124,121	66,210	(13,163)	32,690
Net income (loss)	(224,443)	(355,558)	(213,548)	190,744	(156,681)	(481,723)	(549,802)	(195,462)
Other comprehensive income (loss)	708,469	(301,792)	(393,410)	(1,223,087)	(612,553)	(1,071,903)	2,112,153	1,964,476
Comprehensive (loss) income	484,026	(657,350)	(606,958)	(1,032,343)	(769,234)	(1,553,626)	1,562,351	1,769,014
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.00)
Balance Sheet:								
Working capital	5,533,993	5,297,917	7,006,485	1,807,920	2,681,622	3,248,935	3,730,964	4,462,286
Total assets	31,716,898	31,531,138	31,965,976	26,092,902	26,781,862	26,563,796	28,218,436	26,259,090
Total long-term liabilities	Nil							

Results of Operations

Three Months Ended September 30, 2021 Compared to the Three Months Ended June 30, 2021

During the three months ended September 30, 2021 (“Q3/2021”) the Company recorded a net loss of \$224,443 compared to net loss of \$355,558 for the three months ended June 30, 2021 (“Q2/2021”) a decrease in loss of \$131,115 primarily due to the \$74,533 improvement in drilling operations in which the Company incurred a drilling loss of \$70,329 in Q2/2021 compared to drilling income of \$4,024 in Q3/2021. In addition the Company recognized a foreign gain of \$86,910 in Q3/2021 compared to \$7,397 in Q2/2021.

Three Months Ended June 30, 2021 Compared to the Three Months Ended March 31, 2021

During the three months ended June 30, 2021 (“Q2/2021”) the Company recorded a net loss of \$355,558 compared to net loss of \$213,548 for the three months ended March 31, 2021 (“Q1/2021”) an increase in loss of \$142,010. The fluctuation is primarily attributed to the recognition of a drilling loss of \$66,851 in Q2/2021 compared to drilling income of \$108,207 in Q1/2021.

Three Months Ended March 31, 2021 Compared to the Three Months Ended December 31, 2020

During the three months ended March 31, 2021 (“Q1/2021”) the Company recorded a net loss of \$213,548 compared to net income of \$190,744 for the three months ended December 31, 2020 (“Q4/2020”) an increase in loss of \$404,292. The fluctuation is primarily attributed to the reallocation of drill standby costs to drill income, net of costs, in Q4/2020.

Three Months ended December 31, 2020 Compared to the Three Months ended September 30, 2020

During the three months ended December 31, 2020 (“Q4/2020”) the Company recorded a net income of \$190,744 compared to a net loss of \$156,681 for the three months ended September 30, 2020 (“Q3/2020”), an increase in income of \$347,425. The increase is primarily attributed to the reallocation of drill standby costs to drill income, net of costs, as the majority of drilling activities occurred in Q4/2020.

Three Months ended September 30, 2020 Compared to the Three Months ended June 30, 2020

During the three months ended September 30, 2020 (“Q3/2020”) the Company recorded a net loss of \$156,681 compared to a net loss of \$481,723 for the three months ended June 30, 2020, a decrease in loss of \$325,042. The decrease is primarily attributed to \$120,526 drill income, net of costs, generated from drilling activities in Q3/2020 on the Pijili Project which is being funded by Adventus.

Three Months Ended June 30, 2020 Compared to the Three Months Ended March 31, 2020

During the three months ended June 30, 2020 (“Q2/2020”) the Company recorded a net loss of \$481,723 compared to net loss of \$549,802 for the three months ended March 31, 2020 (“Q1/2020”) a decrease in loss of \$68,079. The decrease is primarily attributed to a foreign exchange gain of \$18,600 during Q2/2020 compared to a foreign exchange loss of \$31,633 during Q1/2020.

Three Months Ended March 31, 2020 Compared to the Three Months Ended December 31, 2019

During the three months ended March 31, 2020 (“Q1/2020”) the Company recorded a net loss of \$549,802 compared to net loss of \$195,462 for the three months ended December 31, 2019 (“Q4/2019”) an increase in loss of \$354,340. The fluctuation is primarily attributed to the allocation of costs to exploration and evaluation assets.

Three Months Ended December 31, 2019 Compared to the Three Months Ended September 30, 2019

During the three months ended December 31, 2019 (“Q4/2019”) the Company reported a net loss of \$195,462 compared to net loss of \$107,325 for the three months ended September 30, 2019 (“Q3/2019”) an increase in loss of \$88,137. The fluctuation is primarily attributed to the recognition of a gain on property dispositions of \$99,138 in Q3/2019 compared to \$nil in Q4/2019.

Nine Months Ended September 30, 2021 Compared to the Nine Months Ended September 30, 2020

During the nine months ended September 30, 2021 (the “2021 period”) the Company reported a net loss of \$793,549 compared to a net loss of \$1,188,206 for the nine months ended September 30, 2020 (the “2020 period”), a decrease in loss of \$394,657. The fluctuation is primarily attributed to a \$383,208 decrease in expenses from \$1,365,374 during the 2020 period to \$982,166 during the 2021 period.

Excluding cost recoveries, expenses decreased by \$360,238, from \$1,636,260 during the 2020 period to \$1,276,022 during the 2021 period. Specific fluctuations in expenses are as follows:

- (i) incurred drill rig standby costs of \$448,236 during the 2020 period as the Company maintained the drill rigs in an operation ready status until it is needed. No standby costs were incurred during the 2021 period;
- (ii) recognized share-based compensation of \$177,269 during the 2021 period compared to \$31,257 during the 2020 period on the vesting of share options and restricted share units.

Exploration and Evaluations Assets

During the 2021 period the Company incurred a total of \$16,153,952 (2020 - \$5,334,426) for exploration and evaluation assets comprising of \$13,151,160 (2020 - \$4,457,174) on the Curipamba Project and \$3,002,792 (2020 - \$877,252) on other projects. During the 2021 period Adventus funded a total of \$14,816,648 (2020 - \$6,676,613) for costs incurred by the Company, of which \$402,637 (2020 - \$2,055,334) was applied against property, plant and equipment, \$14,120,155 (2020 - \$4,350,393) against exploration and evaluation assets and \$293,856 (2020 - \$270,886) as an expense recovery. As at September 30, 2021, a balance of \$1,458,449 as due from the joint-venture partner and \$52,739 of unspent funding remained in restricted cash. The balances are expected to vary due to timing of funding from Adventus and expenditures on the Curipamba Project.

Details of the exploration and acquisition expenditures are as follows:

	Curipamba \$	Other \$	Total \$
Balance at December 31, 2019	<u>18,793,643</u>	<u>1,192,820</u>	<u>19,986,463</u>
Exploration costs			
Assay analysis	323,038	71,050	394,088
Camp supervision and personnel	113,707	677,957	791,664
Camp supplies	-	113,969	113,969
Community relations	754,264	28,568	782,832
Construction	144,310	-	144,310
Consulting	159,388	-	159,388
Depreciation	-	14,902	14,902
Drilling	1,456,980	275,422	1,732,402
Environmental studies	222,408	28,913	251,321
Equipment maintenance	373,071	35,163	408,234
Exploration site	260,845	94,692	355,537
Geological	717,093	65,099	782,192
Legal	137,328	32,556	169,884
Permits	33,085	-	33,085
Salaries	2,562,805	2,916	2,565,721
Supplies	22,819	96,148	118,967
Travel	215,414	51,024	266,438
VAT incurred	421,253	36,082	457,335
	<u>7,917,808</u>	<u>1,624,461</u>	<u>9,542,269</u>
Acquisition costs			
Property / concession / option payments	<u>231,089</u>	<u>248,886</u>	<u>479,975</u>
Other			
Cost recoveries	(7,897,627)	-	(7,897,627)
Management fees	(502,950)	-	(502,950)
Advance payment	(335,300)	-	(335,300)
Drilling services	(59,497)	-	(59,497)
Foreign exchange movement	(523,971)	(122,153)	(646,124)
	<u>(9,319,345)</u>	<u>(122,153)</u>	<u>(9,441,498)</u>
Balance at December 31, 2020	<u>17,623,195</u>	<u>2,944,014</u>	<u>20,567,209</u>

	Curipamba \$	Other \$	Total \$
Exploration costs			
Assay analysis	791,192	209,896	1,001,088
Camp supervision and personnel	268,460	787,153	1,055,613
Camp supplies	-	93,152	93,152
Community relations	1,246,775	26,183	1,272,958
Depreciation	-	24,383	24,383
Drilling	4,135,506	399,333	4,534,839
Environmental studies	431,028	13,845	444,873
Equipment maintenance	442,055	52,717	494,772
Exploration site	-	209,727	209,727
Geological	-	97,208	97,208
Geophysics	2,358,934	-	2,358,934
Legal	-	38,363	38,363
Salaries	2,776,047	351,122	3,127,169
Supplies	370,590	150,838	521,428
Travel	197,304	76,487	273,791
VAT incurred	<u>849,607</u>	<u>75,087</u>	<u>924,694</u>
	<u>13,867,498</u>	<u>2,605,494</u>	<u>16,472,992</u>
Acquisition costs			
Property / concession / option payments	<u>252,657</u>	<u>342,643</u>	<u>595,300</u>
Other			
Cost recoveries	(14,120,155)	-	(14,120,155)
Management fees	(422,415)	-	(422,415)
Drilling services	(395,443)	-	(395,443)
Foreign exchange movement	<u>(151,137)</u>	<u>54,655</u>	<u>(96,482)</u>
	<u>(15,089,150)</u>	<u>54,655</u>	<u>(15,034,495)</u>
Balance at June 30, 2021	<u>16,654,200</u>	<u>5,946,806</u>	<u>22,601,006</u>

See also "Properties Update".

Financing Activities

During the 2021 period the Company completed a non-brokered private placement of 18,572,000 common shares for total proceeds of \$6,500,200. The funds will be used to accelerate exploration of the Company's 100% owned properties.

No financings were conducted during the 2020 period.

Financial Condition / Capital Resources

The Company has negotiated a number of agreements to provide continued funding for exploration of its exploration and evaluation assets. As at September 30, 2021 the Company had working capital of \$5,533,993 and an accumulated deficit of \$27,325,965. Management considers that the Company has adequate resources to maintain its core operations and, with the financial support of its partner, conduct ongoing exploration programs on its existing exploration and evaluation assets for the next twelve months. See also "COVID-19".

Contractual Commitments

- (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 June 30, 2021, the Company's commitment for fiscal 2021 is approximately \$2,300,000.
- (b) Concessions in Ecuador that were not acquired via the public tender process require the Company to submit an annual expenditure plan to the Government of Ecuador outlining the minimum amount of committed expenditures for the upcoming year. The total obligation of the Company for these concession areas for the fiscal 2021 is approximately US \$2,400,000.

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 the Company's critical accounting estimates and sources of estimation is included in Note 3 to the December 31, 2020 audited annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies. A detailed summary of the Company's accounting policies is included in Note 3 to the December 31, 2020 audited annual consolidated financial statements.

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*

During the 2021 and 2020 periods the following amounts were incurred with respect to the Company's President and CEO, Fredy Salazar, the CFO, Pablo Acosta and the Executive Vice-President Merlin Marr-Johnson:

	2021	2020
	\$	\$
Mr. Salazar		
- Salaries and compensation	98,713	78,479
- Health benefits	3,477	4,598
- Share-based compensation (share options)	26,663	-
- Share-based compensation (RSUs)	<u>12,764</u>	<u>-</u>
	141,617	83,077
Mr. Acosta		
- Salaries and compensation	87,111	82,859
- Health benefits	1,399	2,486
- Share-based compensation (share options)	8,204	-
- Share-based compensation (RSUs)	<u>5,673</u>	<u>-</u>
	102,387	85,345

	2021 \$	2020 \$
Mr. Marr-Johnson		
- Consulting fees	99,000	92,750
- Share-based compensation (share options)	22,127	15,257
- Share-based compensation (RSUs)	10,637	-
	<u>131,764</u>	<u>108,007</u>
	<u>375,768</u>	<u>276,429</u>

As at September 30, 2021 \$nil (December 31, 2020 - \$14,335) remained unpaid.

(b) *Transactions with Other Related Parties*

- (i) During 2021 and 2020 periods the following consulting expenses were incurred with respect to non-executive directors and a former corporate secretary (Freddy Salazar) of the Company:

	2021 \$	2020 \$
Consulting fees		
- Etienne Walter	16,837	18,208
- Nick DeMare	33,792	36,532
- Jennifer Wu ⁽²⁾	7,064	18,208
- Mary Gilzean ⁽³⁾	6,642	-
- Freddy Salazar ⁽¹⁾	-	17,924
Share-based compensation (share options)		
- Etienne Walter	5,127	-
- Nick DeMare	7,823	-
- Mary Gilzean	19,079	
Share-based compensation (RSUs)		
- Etienne Walter	2,482	-
- Nick DeMare	<u>5,673</u>	<u>-</u>
	<u>104,519</u>	<u>90,872</u>

(1) Mr. Salazar Jr. was appointed corporate secretary September 30, 2019 and subsequently resigned March 19, 2020.

(2) Ms. Wu resigned April 23, 2021.

(3) Ms. Gilzean was appointed a director on June 14, 2021.

As at September 30, 2021 \$3,822 (December 31, 2020 - \$nil) remained unpaid.

- (ii) During the 2021 period the Company incurred a total of \$48,723 (2020 - \$42,540) 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, 2021 \$4,459 (December 31, 2020 - \$4,456) remained unpaid.
- (c) During the 2021 period the Company incurred \$180,231 (2020 - \$83,039) for equipment rental services and \$137,801 (2020 - \$104,589) for professional services provided provided by Amlatminas S.A. (“Amlatminas”) a private corporation controlled by Mr. Salazar and Mr. Acosta. As at September 30, 2021 \$44,400 (December 31, 2020 - \$95,244) remained unpaid.
- (d) During the 2021 period the Company incurred \$25,908 (2020 - \$26,401) for storage rental provided by Agrosamex S.A. (“Agrosamex”), a private corporation controlled by the son of the President of the Company.
- (e) During the 2021 period the Company incurred \$147,921 (2020 - \$42,230) for environmental studies provided by Cinge CIA LTDA (“Cinge”), a private corporation owned by the CFO of the Company.
- (f) During the 2021 period the Company incurred \$4,712 (2020 - \$6,959) for geological services provided by Sthejobs Services S.A. (“Sthejobs”), a private corporation owned by the CFO of the Company.

- (g) The Company holds an interest in the Macara Project pursuant to an agreement dated November 6, 2017 with an Ecuadorian individual (the “Macara Vendor”) whereby the Company was granted an option (the “Macara Option”) to acquire a 100% interest in one concession (the “Macara Concession”). The Macara Vendor is currently an employee of the Company however, at the time the Macara Vendor acquired the Macara concessions they were at arm’s length to the Company. See “Macara Project” for details of the agreement.

The Macara Vendor has entered into a participation agreement with an employee of the Company and the son of the Company’s President to share the option proceeds equally.

(g) *Cost Recoveries from Adventus*

Certain of the expenses incurred by the Company with related parties and remuneration paid to Company personnel have been recovered from Adventus pursuant to the earn-in under the Curipamba Option and the Alliance. The table below reflects what occurred during the 2021 and 2020 periods.

	2021		2020	
	Total \$	Recovered from Adventus \$	Total \$	Recovered from Adventus \$
Salaries and Compensation				
Mr. Salazar	98,713	18,023	78,479	-
Mr. Acosta	87,111	51,065	82,859	43,867
Geological Services				
Amlatminas	137,801	137,801	104,589	104,589
Sthjobs	4,712	4,712	6,959	6,959
Environmental Studies				
Cinge	147,921	147,921	-	-
Rentals				
Agrosamex (storage)	25,908	25,908	26,401	26,401
Amlatminas (equipment)	180,231	180,231	83,039	83,039

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 November 29, 2021, there were 150,262,073 issued and outstanding common shares, 9,387,000 share options outstanding at exercise prices ranging from \$0.12 to \$0.37 per share, 2,202,962 share purchase warrants outstanding at exercise prices ranging from \$0.12 to \$0.385 per share and 763,000 restricted share units.