SOLARIS RESOURCES

Solaris Resources Inc.

Management's Discussion and Analysis

For the Three and Six Months Ended June 30, 2021 and 2020

INTRODUCTION

This management's discussion and analysis ("MD&A") of Solaris Resources Inc. (the "Company", "Solaris", "we", "us", or "our") covers the three and six months ended June 30, 2021. This MD&A is dated August 13, 2021 and takes into account information available up to and including that date. This MD&A should be read in conjunction with the accompanying condensed consolidated interim financial statements and notes for the three and six months ended June 30, 2021, and the annual consolidated financial statements for the year ended December 31, 2020, which are available on the Company's website www.solarisresources.com and on SEDAR at www.sedar.com.

The Company has prepared the condensed consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*.

All dollar amounts reported herein are expressed in thousands of US dollars unless indicated otherwise.

Solaris was incorporated under the Business Corporations Act of British Columbia on June 18, 2018 as a wholly owned subsidiary of Equinox Gold Corp. ("Equinox"). On August 3, 2018, Equinox re-organized certain subsidiaries holding all of its copper assets (the "Equinox Subsidiaries"), under its wholly owned subsidiary, Lowell Copper Holdings Inc. ("Lowell Copper"), transferred all of the issued and outstanding shares of Lowell Copper and $500 in cash to Solaris, and distributed 60% of the shares of Solaris to the shareholders of Equinox, as a return of capital by way of a plan of arrangement ("the Arrangement"). References to the "Company" in this MD&A are to Solaris as a continuity of interests of Lowell Copper and its subsidiaries, and reflect the combined financial position and results of operations of the Equinox Subsidiaries from the date, as applicable, that were under the common control of Equinox.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain information contained in this document constitutes forward-looking statements. All statements, other than statements of historical facts, are forward looking statements, including but not limited to statements with respect to future plans and objectives of Solaris (e.g. that the Company's current drill program at Warintza aims to expand the lateral footprint and depth extent of the high-grade Warintza Central zone; that an updated mineral resource estimate at Warintza Central is expected to be completed by year-end; that further funds may be required to fund future obligations and exploration plans), potential mineralization, exploration results, the availability of financial resources, capital, operating and cash flow estimates, intentions for its Warintza Project in Ecuador and statements under 'Outlook' later in this MD&A (including, but not limited to anticipated amounts, locations, objectives and timing of results of drill programs; and timing and nature of future technical reports). Forward-looking statements are often, but not always, identified by the use of words such as may, will, seek, anticipate, believe, plan, estimate, budget, schedule, forecast, project, expect, intend, or similar expressions.

The forward-looking statements are based on a number of assumptions which, while considered reasonable by the Company, are subject to risks and uncertainties, including assumptions made about the Company's ability to advance exploration and development efforts at its projects, and the results of such exploration and development efforts. The Company cautions readers that forward-looking statements involve and are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from those expressed in or implied by such forward-looking statements and forward-looking statements are not guarantees of future results, performance or achievement. These risks, uncertainties and factors include the ability to raise funding to continue exploration, development and mining activities; share price fluctuation; global economic conditions; negative operating cash flow; uncertainty of future revenues or of a return on investment; no defined mineral reserves with no mineral properties in production or under development; speculative nature of mineral exploration and development; risk of global outbreaks and contagious diseases; risks from international operations; risk associated with an emerging and developing market; relationships with, and claims by, local communities and indigenous groups; geopolitical risk; permitting risk; failure to comply strictly with applicable laws, regulations and local practices may have a material adverse impact on the Company's operations or business; the Company's concessions are subject to pressure from artisanal and illegal miners; the inherent operational risks associated with mining, exploration and development, many of which are beyond the Company's control; land title risk; fraud and corruption; ethics and business practices; Solaris may in the future become subject to legal proceedings; Solaris' mineral assets are located outside Canada and are held indirectly through foreign affiliates; commodity price risk; exchange rate fluctuations; joint ventures; property commitments; infrastructure; properties located in remote areas; lack of availability of resources; key management; dependence on highly skilled personnel; competition, significant shareholders; conflicts of interests; uninsurable risks; information systems; public company obligations; internal controls provide no absolute assurances as to reliability of financial reporting and financial statement preparation, and ongoing evaluation may identify areas in need of improvement; the Company's foreign subsidiary operations may impact its ability to fund operations efficiently, as well as the Company's valuation and stock price; the value of the Company's Common Shares, as well as its ability to raise equity capital, may be impacted by future issuances of shares; and measures to protect endangered species may adversely affect the Company's operations.

Although the Company has attempted to identify important risks, uncertainties and other factors that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those expressed in or implied by the forward-looking information, there may be other risks, uncertainties and other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended. Unless otherwise indicated, forward-looking statements contained herein are as of the date hereof and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable law.

DESCRIPTION OF BUSINESS

Solaris is a multi-asset exploration company, advancing a portfolio of copper and gold assets in the Americas, which includes: its primary focus, a high-grade resource with expansion and discovery potential at its Warintza Project ("Warintza") in Ecuador; discovery potential at its optioned and owned grass-roots Tamarugo Project ("Tamarugo") in Chile and Capricho and Paco Orco projects in Peru; exposure of up to $130 million spending by Freeport-McMoRan through a farm-out agreement on its Ricardo Project ("Ricardo") in Chile; and significant leverage to increasing copper prices through its 60% interest in the La Verde joint-venture project ("La Verde") with a subsidiary of Teck Resources in Mexico.

Solaris's common shares are listed on the Toronto Stock Exchange and trade under the symbol "SLS" as well as on the OTCQB Venture Market under the symbol "SLSSF".

HIGHLIGHTS AND ACTIVITIES

The following activities and developments were achieved throughout the quarter:

- Solaris reported assay results for three additional drill holes at Warintza Central, returning long high-grade intervals of 797m of 0.83% CuEq, 688m of 0.51% CuEq, and 494m of 0.50%CuEq, extending mineralization between the western and eastern drilling and stepping out to the north and south.[1]

- Solaris was added to the MSCI Canada Small Cap Index on May 27, 2021.

- Solaris reported assay results for three additional drill holes at Warintza Central, returning 1,029m of 0.73% CuEq from surface including 420m of 0.83% CuEq from surface, 548m of 0.42% CuEq including 352m of 0.46% CuEq from surface, and 238m of 0.68% CuEq including 100m of 0.77% CuEq, extending the drill defined envelope of high-grade mineralization to the east and west and increasing the strike length to 1,100m.[2]

- Solaris announced the commencement of maiden drilling at Warintza East, as well as, defined a major copper porphyry target at Yawi from the further processing of geophysical and geochemical data at Warintza, extending the strike length of the Warintza cluster of porphyry targets to 7km from 5km.[3]

Subsequent to quarter-end:

- Solaris reported assay results from ongoing resource expansion drilling at Warintza Central, returning 1,000m of 0.60% CuEq including 414m 0.31% CuEq from surface, 952m of 0.62% CuEq including 502m of 0.67% CuEq, and 382m of 0.77% CuEq, extending the strike length to 1,250m and exceeding the original scope of planned resource drilling across 1,000m of strike length.[4]

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[1] Additional detail is set out in the Company's news release titled, "Solaris Reports 800m of 0.83% CuEq From Surface including 370m of 0.94% CuEq; Continued Expansion of Warintza Central" dated April 19, 2021.

[2] Additional detail is set out in the Company's news release titled, "Solaris Reports 1,029m of 0.73% CuEq From Surface, Expands Warintza Central to +1,100m Strike; Maiden Drilling Set to Commence at Warintza East", dated May 26, 2021.

[3] Additional detail is set out in the Company's news release titled, "Solaris Commences Maiden Drilling at Warintza East; Major Porphyry Target Defined at Yawi", dated June 14, 2021.

[4] Additional detail is set out in the Company's news release titled, "Solaris Reports 1,000m of 0.60% CuEq From Surface, Extending Warintza Central to 1,250m Strike Length", dated July 7, 2021.

- The Company announced a significant new discovery in maiden drilling of the Warintza East target, with the first hole drilled to a total depth of 1,213m and results for the first 320m of core returning 0.46% CuEq from surface.[5]

Solaris defines copper equivalent calculation for reporting purposes only. Copper-equivalence is calculated as: CuEq (%) = Cu (%) + 3.33 × Mo (%) + 0.73 × Au (g/t), utilizing metal prices of Cu - US$3.00/lb, Mo - US$10.00/lb and Au - US$1,500/oz. No adjustments were made for recovery as the project is an early stage exploration project and metallurgical data to allow for estimation of recoveries is not yet available.

OUTLOOK

An increase in drill capacity to twelve rigs will enable Solaris to accelerate resource and discovery drilling at Warintza Central, West, East, South, Yawi, as well as other district targets. The objective of the drill program at Warintza Central is to expand the lateral footprint and depth extent of the high-grade inferred mineral resource. Results from the drill program will form the basis of an updated mineral resource estimate at Warintza Central, which is now estimated to be completed by year-end given the increased dimensions of the zone. Alongside the resource expansion drilling, Solaris is completing discovery drilling campaigns on various targets within the 7km x 5km cluster of porphyries defined on the property.

Warintza

Warintza is a high-grade porphyry copper-molybdenum-gold project located in southeastern Ecuador in the province of Morona Santiago, Canton Limon Indanza north of the Mirador copper-gold mine (owned by CRCC-Tongguan) and the Fruta del Norte gold mine (owned by Lundin Gold) and adjacent to the San Carlos-Panantza copper project. The property includes eight metallic mineral concessions covering 268 km^2. Three concessions with an area of 10 km^2 are permitted for exploration activities including drilling and path construction. South32 Royalty Investments Pty holds a 2% net smelter royalty on the original three concessions. Concessions have a term of 25 years and can be renewed for additional periods of 25 years if applications for renewal are submitted before the expiration of the concessions.

Warintza enjoys the support of its local Shuar Nations of Warints and Yawi with whom the Company shares an Impacts and Benefits Agreement ("IBA"). The IBA provides certainty of community support for the responsible advancement of the project from exploration and development through to production and is a major milestone in the Company's innovative corporate social responsibility ("CSR") program. This was the first IBA established in Ecuador and set the precedent for industry best practice for inclusive and mutually-beneficial resource development in partnership with Indigenous Peoples. The IBA formalizes commitments toward supporting partner communities in their social and cultural practices. It also provides for eliminating or mitigating adverse impacts, employment, contracting and business opportunities supported by a robust program of education, skills and training together with community infrastructure development and financial benefits to maximize community participation and positive outcomes for Indigenous Peoples.

The current Inferred Mineral Resource estimate of 124 million tonnes grading 0.56% Cu, 0.03% Mo and 0.1 g/t Au is open at depth and laterally in every direction, based on historic drilling totaling less than 7,000m and averaging less than 200m in depth. Warintza Central is set within a 7km x 5km cluster of copper porphyries, featuring outcropping +1% copper in numerous locations. The Company is undertaking an approximate 40,000m diamond drill program at Warintza Central which aims to expand the lateral footprint and depth extent of the mineral resource estimate. In addition, Solaris is completing discovery drilling campaigns and recently announced significant new discoveries at Warintza West and Warintza East, and completed an advanced airborne geophysical survey covering the entire land package which revealed a much more extensive porphyry system than previously understood requiring further follow up discovery drilling.

The Warintza mineral resource estimate was reported in the Technical Report entitled, "Resource Estimate of the Warintza Central Cu-Mo Porphyry Deposit" completed by Equity Exploration Consultants Ltd. with an effective date of December 13, 2019. The mineral resource estimate work was completed by Trevor Rabb, PGeo (EGBC #39599), who meets the definition of "independent qualified person" as defined in National Instrument 43-101. The report is available on the Company's website at www.solarisresources.com and on the SEDAR website at www.sedar.com.

The Warintza mineral resource estimate excludes all drilling results subsequent to December 2019.

[5] Additional detail is set out in the Company's news release titled, "Solaris Announces Significant New Discovery at Warintza East", dated July 20, 2021.

The Company cautions the reader that mineral resources are not minerals reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources will be converted into mineral reserves.

Warintza Drill Program

Since the commencement of the Warintza drill program, results have returned long intervals of high-grade copper mineralization starting from surface and extending to 1km+ depths with grades up to 1% CuEq, significantly extending mineralization multiple times beyond historical drilling. Drilling has extended beyond the planned resource drilling parameters with the strike length expanding to 1.2km+ and remaining open.

Results from the diamond drill program at Warintza Central will form the basis of an updated mineral resource estimate, which is now expected to be completed by year-end given the increased dimensions of the zone.

The Warintza Central resource is set within a 7km x 5km cluster of copper porphyries where additional discovery drilling is running concurrently with the diamond drill program.

At Warintza West, the first drill hole resulted in a significant new discovery returning 798m of 0.31% CuEq[6], with geophysics later revealing this interval lies adjacent to a high-conductivity anomaly encompassing Warintza Central, East and West. More recently, the company announced its third major copper discovery at Warintza East where the first hole was collared 1,300m east of Warintza Central and drilled to a depth of 1,213m with assays reporting for the first 320m returning 0.46% CuEq. Importantly, the footprint of Warintza East overlaps conceptual pit designs for Warintza Central, which itself continues to grow eastward. Future drilling will focus on the open, undrilled area between Warintza Central and Warintza East.

Summarized drilling results from Warintza Central, Warintza West and Warintza East are listed on the Company's website along with an interactive 3D Model.

The Company has also defined a major copper porphyry target at Yawi from the further processing of geophysical and geochemical data. The Company is ramping up drill capacity to twelve rigs to accelerate the resource expansion drilling at Warintza Central as well as discovery drilling at the other defined targets.

La Verde

La Verde is situated in the Sierra Madre del Sur west of Mexico City in Michoacán State, Mexico and consists of the Unificación Santa Maria claim. The project is accessible year-round by paved roads and is strategically located next to key infrastructure with easy access to water, power and rail. The project is held 60% by the Company and 40% by a subsidiary of Teck Resources Ltd. The joint venture agreement governing the operation and funding of La Verde was formalized effective February 28, 2015. The Agreement provides that Solaris be the operator of the project. The Agreement further provides for dilution of either parties' ownership should funding not be provided in accordance with their respective participating interests. La Verde is subject to a 0.5% net smelter royalty held by Minera CIMA, S.A. de C.V.

Ricardo

Ricardo consists of approximately 16,000 hectares strategically located along the West Fissure fault in Chile approximately 25km south of Codelco's Chuquicamata Mine, one of the largest copper mines in the world. The West Fissure is highly prospective and hosts numerous other large porphyry copper deposits.

In October 2018, the Company entered into a definitive earn-in option agreement (the "Ricardo Option Agreement"), amended in October 2019, with Freeport with respect to the Ricardo Property whereby Freeport can earn up to an 80% interest in the Ricardo Property for gross expenditures of $130 million or $30 million plus the delivery of a feasibility study for a mine at Ricardo.

[6] No adjustments were made for recovery as the project is an early stage exploration project and metallurgical data to allow for estimation of recoveries is not yet available. Solaris defines copper equivalent calculation for reporting purposes only. Copper-equivalence calculated as: CuEq (%) = Cu (%) + 3.33 × Mo (%) + 0.73 × Au (g/t), utilizing metal prices of Cu - US$3.00/lb, Mo - US$10.00/lb and Au - US$1,500/oz.

(Expressed in thousands of United States dollars, unless otherwise noted)

Tamarugo

Tamarugo is a grass-roots copper porphyry target strategically located in northern Chile approximately 85 kilometres northeast of Copiapo and approximately 65 kilometres southwest of Codelco's El Salvador Copper Mine. The Company entered into a definitive earn-in option agreement with Freeport with respect to 5,100 hectares owned by Freeport and approximately 5,000 hectares 100% owned by the Company in June 2019, amended in November 2020.

Pursuant to the amended option agreement, the Company can earn up to a 75% interest in Tamarugo upon making staged exploration expenditures totaling $5.5 million and delivering a pre-feasibility study for a mine at Tamarugo by the end of year seven, subject to Freeport's back-in right to maintain Freeport's ownership at 60% upon satisfying certain conditions.

The Company is obligated to issue an additional 500,000 common shares to a former consultant of the Company upon discovery of potentially economic mineralization at Tamarugo. No amount has been recognized for these common shares in the Company's financial statements as there is currently insufficient evidence that this non-market performance condition will be met.

Tamarugo also includes a 100% owned claim block which covers approximately 7,300 hectares.

Other projects

Solaris has earn-in agreements on certain other projects including the Capricho and Paco Orco projects in Peru. The Capricho project is a 4,200-hectare copper-molybdenum-gold property. The Paco Orco project is a 4,400-hectare lead, zinc and silver property. Solaris is focused on obtaining surface access agreements with local landholders and communities for the purposes of permitting exploration programs at both Capricho and Paco Orco.

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

The Company's quarterly financial statements are reported under IFRS issued by the IASB, as applicable to interim financial reporting. The following table provides highlights from the Company's financial statements of quarterly results for the past eight quarters.

	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Exploration expenses	$ 11,237	$ 8,351	$ 7,602	$ 4,519
General and administration	2,317	1,986	1,711	764
Change in fair value of derivatives – loss (gain)	(1,724)	2,845	3,298	6,453
Net loss	11,718	13,075	12,599	11,706
Comprehensive loss	10,731	12,328	11,861	11,163
Net loss attributable to Solaris shareholders	11,709	13,058	12,567	11,683
Net loss per share – basic and diluted	$ 0.11	$ 0.12	$ 0.07	$ 0.13

	2020 Q2	2020 Q1	2019 Q4	2019 Q3
Exploration expenses	$ 1,002	$ 2,397	$ 1,188	$ 914
General and administration	718	626	612	324
Change in fair value of derivatives – loss (gain)	(3,506)	468	(720)	(757)
Net loss (income)	(1,808)	3,494	731	535
Comprehensive loss (income)	(2,232)	4,180	731	535
Net loss (income) attributable to Solaris shareholders	(1,820)	3,489	727	511
Net loss (income) per share – basic and diluted	$ (0.03)	$ 0.06	$ 0.02	$ 0.01

The Company has not generated any income to date other than interest income and the gain on change in fair value of derivatives. Exploration expenditures have increased from the third quarter of 2019 to the second quarter of 2021 with the ongoing advancement of the Warintza Project, except for the second quarter of 2020 when COVID-19 related precautions caused the Company to suspend operations in mid-March 2020. With the resumption of exploration activities later in the second quarter of 2020, drilling and drilling related costs has increased quarter over quarter primarily due to the recommencement and continued ramp up of drilling at Warintza Central, as well as an increase in other site activities and personnel in support of drilling at the other Warintza targets, coupled with increased CSR initiatives. Solaris also commenced an advanced airborne geophysical survey during the third quarter of 2020 resulting in an increase in exploration expense. The increase in the general and administrative costs in the fourth quarter of 2020 primarily reflects an increase in share-based compensation, a non-cash cost for stock options granted to employees and directors as well as an increase in salaries and benefits expense as the Company added to the leadership to support the Company's strategy to broaden exploration efforts. The increase in general and administrative costs in subsequent quarters primarily reflects an increase in share-based compensation. The Q1 2021, Q4 2020, Q3 2020, and Q1 2020 change in fair value of derivatives, a non-cash cost, was the mark-to-market loss on the derivative instrument related to the Company's obligation to issue shares on exercise of Equinox Warrants. In Q2 2021, Q2 2020, Q4 2019 and Q3 2019, the Company recognized a mark-to-market gain on the derivative instrument.

(Expressed in thousands of United States dollars, unless otherwise noted)

Exploration expenses

The following tables summarize exploration expenses by activity and jurisdiction.

For three months ended June 30, 2021:

	Ecuador	Mexico	Chile	Other	Total
Salaries, geological consultants and support, and travel	$ 2,516	$ –	$ 41	$ 145	$ 2,702
Site preparation, supplies, field and general	1,203	20	100	42	1,365
Drilling and drilling related costs	4,705	–	377	–	5,082
Assay and analysis	294	–	8	–	302
Community relations, environmental and permitting	1,119	–	–	61	1,180
Concession fees	–	–	52	37	89
Studies	139	–	–	47	186
Reclamation provision	231	–	–	–	231
Amortization	97	1	–	2	100
	$ 10,304	$ 21	$ 578	$ 334	$ 11,237

For three months ended June 30, 2020:

	Ecuador	Mexico	Chile	Other	Total
Salaries, geological consultants and support, and travel	$ 398	$ –	$ 35	$ 55	$ 488
Site preparation, supplies, field and general	326	20	32	11	389
Drilling and drilling related costs	(64)	–	–	–	(64)
Community relations, environmental and permitting	144	–	–	6	150
Concession fees	–	9	19	–	28
Amortization	10	1	–	–	11
	$ 814	$ 30	$ 86	$ 72	$ 1,002

The increase in exploration expenses to $11,237 for the three months ended June 30, 2021 from $1,002 for the three months ended June 30, 2020 was primarily related to the increase in drilling in Ecuador at Warintza. The most significant increase was for the drilling and drilling related costs for 15 holes drilled at Warintza in the three months ended June 30, 2021. Salaries, geological consulting and support, and travel costs also increased in support of drilling, mostly due to an increase in geological and other consultants and travel to and within the site. There was also an increase in payroll costs, including the cost of additional local community members hired to support Warintza site activities. The increase in site preparation, supplies, field and general costs is commensurate with the increase in drilling activity with additional drilling platforms, civil works and site infrastructure, as well as an increase in supplies and materials. Community relations, environmental and permitting costs increased primarily due to an increase in community support, including infrastructure donations, and environmental and regulatory costs related to drilling. Community relations costs increased with the signing of the IBA for Warintza between Solaris and the Shuar Nations of Warints and Yawi, reflecting increased community support for the responsible advancement of Warintza. The reclamation provision represents the estimated costs for restoration and rehabilitation for environmental disturbances at Warintza.

(Expressed in thousands of United States dollars, unless otherwise noted)

For six months ended June 30, 2021:

	Ecuador	Mexico	Chile	Other	Total
Salaries, geological consultants and support, and travel	$ 4,279	$ –	$ 80	$ 238	$ 4,597
Site preparation, supplies, field and general	2,661	38	178	58	2,935
Drilling and drilling related costs	7,454	–	589	–	8,043
Assay and analysis	880	–	8	–	888
Community relations, environmental and permitting	1,812	–	–	68	1,880
Concession fees	268	22	69	37	396
Studies	178	–	–	114	292
Reclamation provision	419	–	–	–	419
Amortization	133	2	–	3	138
	$ 18,084	$ 62	$ 924	$ 518	$ 19,588

For six months ended June 30, 2020:

	Ecuador	Mexico	Chile	Other	Total
Salaries, geological consultants and support, and travel	$ 884	$ –	$ 68	$ 114	$ 1,066
Site preparation, supplies, field and general	716	20	72	55	863
Drilling and drilling related costs	700	–	–	–	700
Community relations, environmental and permitting	411	–	–	18	429
Concession fees	268	20	31	–	319
Amortization	20	2	–	–	22
	$ 2,999	$ 42	$ 171	$ 187	$ 3,399

The increase in exploration expenses to $19,588 for the six months ended June 30, 2021 from $3,399 for the six months ended June 30, 2020 was primarily related to the increase in drilling in Ecuador at Warintza. The most significant increase was for the drilling and drilling related costs for 27 holes drilled at Warintza in the six months ended June 30, 2021 compared to 2 holes drilled at Warintza in the six months ended June 30, 2020. Salaries, geological consulting and support, and travel costs also increased in support of drilling, mostly due to an increase in geological and other consultants and travel to and within the site. There was also an increase in payroll costs, including the cost of additional local community members hired to support Warintza site activities. The increase in site preparation, supplies, field and general costs is commensurate with the increase in drilling activity with additional drilling platforms, civil works and site infrastructure, as well as an increase in supplies and materials. Community relations, environmental and permitting costs increased primarily due to an increase in community support, including infrastructure donations, and environmental and regulatory costs related to drilling. Community relations costs increased with the signing of the IBA for Warintza between Solaris and the Shuar Nations of Warints and Yawi, reflecting increased community support for the responsible advancement of Warintza. The reclamation provision represents the estimated costs for restoration and rehabilitation for environmental disturbances at Warintza.

LOSS FROM OPERATIONS

Three Months Ended June 30, 2021 Compared to the Three Months Ended June 30, 2020

The Company incurred exploration expense of $11,237 for the three months ended June 30, 2021 (June 30, 2020 – $1,002). The increase is mainly attributable to increased drilling activity at Warintza in the second quarter of 2021.

The Company incurred general and administration expenses of $2,317 for the three months ended June 30, 2021 (June 30, 2020 – $718). The increase is commensurate to the increase in overall activity of the Company in the three months ended June 30, 2021, as well as additions to the corporate team. Included in the general and administrative expenses is share-based compensation, a non-cash cost, of $1,294 for the three months ended June 30, 2021 (June 30, 2020 – $273). The increase reflects the stock option grants to employees and directors in the fourth quarter of 2020 and the additional stock option grant to one director that joined the Company during the first quarter of 2021.

(Expressed in thousands of United States dollars, unless otherwise noted)

The change in fair value of derivatives resulted in a gain of $1,724 for the three months ended June 30, 2021 compared to a gain of $3,506 for the three months ended June 30, 2020, a non-cash cost, due to the mark-to-market adjustment on the derivative instrument related to the Company's obligation to issue shares on exercise of Equinox Warrants.

Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020

The Company incurred exploration expense of $19,588 for the six months ended June 30, 2021 (June 30, 2020 – $3,399). The increase is mainly attributable to increased drilling activity at Warintza in the six months ended June 30, 2021.

The Company incurred general and administration expenses of $4,303 for the six months ended June 30, 2021 (June 30, 2020 – $1,344). The increase is commensurate to the increase in overall activity of the Company in the six months ended June 30, 2021, as well as additions to the corporate team. Included in the general and administrative expenses is share-based compensation, a non-cash cost, of $2,425 for the six months ended June 30, 2021 (June 30, 2020 – $441). The increase reflects the stock option grants to employees and director in the fourth quarter of 2020 and the additional stock option grant to one director that joined the Company during the first quarter of 2021.

The change in fair value of derivatives resulted in a loss of $1,121 for the six months ended June 30, 2021 compared to a gain of $3,038 for the six months ended June 30, 2020, a non-cash cost, due to the mark-to-market adjustment on the derivative instrument related to the Company's obligation to issue shares on exercise of Equinox Warrants.

LIQUIDITY AND CAPITAL RESOURCES

		June 30, 2021		December 31, 2020
Cash and cash equivalents	$	60,163	$	73,593
Prepaids and other		1,274		244
Accounts payable and accrued liabilities		5,369		3,230
Due to related parties		–		66
Lease liability – current		60		56
Total current assets	$	61,437	$	73,837
Total current liabilities		10,088		7,348

Cash used in operating activities during the three and six months ended June 30, 2021 was $10,864 and $19,918, respectively (June 30, 2020 – $1,867 and $4,287, respectively). The increased use of cash during the three and six months ended June 30, 2021 compared to the three and six months ended June 30, 2020 is primarily attributable to the increase in exploration expenses and corporate activity, previously discussed. Cash used in operating activities was also impacted by the timing of receipts and payments from non-cash working capital items, primarily accounts payable and accrued liabilities.

Cash inflow from financing activities during the three and six months ended June 30, 2021 was $820 and $5,265, respectively (June 30, 2020 – $17,184 and $17,515, respectively). Cash inflow from financing activities for the three and six months ended June 30, 2021 relates primarily to the proceeds from the exercise of Equinox Warrants, warrants and stock options of $708 and $5,041, respectively. The cash inflow for financing activities during the three and six months ended June 30, 2020 includes $15,427 in proceeds from the non-brokered private placements. In addition, during the three and six months ended June 30, 2020, the Company received $1,747 and $2,068, respectively from the exercise of Equinox Warrants and stock options.

Cash outflow from investing activities during the three and six months ended June 30, 2021 was $266 and $701, respectively (June 30, 2020 – $44 and $63, respectively) relates primarily to the purchase of plant and equipment at Warintza.

The Company relies on share issuances in order to fund its exploration and other business objectives. As at June 30, 2021, the Company has cash and cash equivalents of $60,163. Although based on current forecasted exploration activities, this may not be sufficient to fund the Company's planned exploration activities, the Company has the ability to scale back such activities as necessary to ensure that the Company has sufficient cash to fund committed exploration expenses and general and administrative costs for the next twelve months. In the longer term, the Company's ability to continue as a going concern is dependent upon successful execution of its business plan, raising additional capital or evaluating strategic alternatives for its mineral property interests. The Company expects to continue to raise the necessary funds primarily through the issuance of common shares. There can be no guarantees that future equity financing will be available in which case the Company may need to reduce its longer-term exploration activities. On March 11, 2020, the novel coronavirus outbreak ("COVID-19") was declared a pandemic by the World Health Organization. The impacts of the still spreading COVID-19 pandemic on the Company are unpredictable. The Company continues to operate with modifications to personnel's travel and work locations. While the Company has not been significantly impacted by COVID-19 to date, disruptions resulting from COVID-19 at any of the Company's projects or in the jurisdictions in which the Company operates could have a significant negative effect on the Company. In particular, disruptions may prevent Company personnel from working because of quarantine or other restrictions imposed by local health authorities, as well as cause the Company to push out forecasts for activity, including permitting and exploration activities, and increase fiscal losses. Responses to COVID-19, including government and local restrictions on the movement of people and goods, may cause visits, fieldwork and analysis performed by the Company and its contractors to slow or even cease. In addition, the outbreak of COVID-19 has caused considerable disruption to the world economy and financial and metals markets, which could have a significant negative effect on the ability of the Company to obtain equity financing to fund additional exploration activities.

(Expressed in thousands of United States dollars, unless otherwise noted)

COMMITMENTS AND CONTINGENCIES

At June 30, 2021, the Company had contractual cash flow commitments as follows (see "Related Party Transactions" for the Company's obligation for future rental payments subsequent to year-end):

	< 1 Year	1-3 Years	3-5 Years	> 5 Years	Total
Accounts payable and accrued liabilities	$ 5,369	$ –	$ –	$ –	$ 5,369
Lease liabilities	60	49	–	–	109
Office rent obligations	284	355	65	–	704
Exploration expenses and other	409	130	–	–	539
	$ 6,122	$ 534	$ 65	$ –	$ 6,721

SHARE CAPITAL INFORMATION

As at August 13, 2021, the Company had the following securities issued and outstanding:

- 108,193,337 common shares
- 7,808,954 shares issuable pursuant to exercise of stock options[1]
- 498,210 shares issuable pursuant to redemption of restricted share units[2]
- 4,284,400 shares issuable pursuant to exercise of Equinox Warrants
- 38,692,424 shares issuable pursuant to exercise of Solaris warrants

[1] There are 1,719,525 Arrangement options outstanding exercisable into 171,955 Solaris shares and 7,636,999 Solaris options outstanding exercisable into 7,636,999 Solaris shares

[2] These have vested and issuance of the related Solaris Shares has been deferred by the holder.

PROPOSED TRANSACTIONS

There are no undisclosed proposed transactions that will materially affect the performance of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any material off-balance sheet arrangements, other than the Company's obligation for future rental payments described in "Related Party Transactions".

RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and comprises the Company's Executive Chairman, President and Chief Executive Officer, Chief Financial Officer, Senior Vice President Corporate Affairs and Corporate Secretary and Directors.

(Expressed in thousands of United States dollars, unless otherwise noted)

Key management compensation for the three and six months ended June 30, 2021 and 2020 comprised:

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Share-based compensation	$ 1,098	$ 162	$ 2,021	$ 269
Salaries and benefits	212	92	416	187
	$ 1,310	$ 254	$ 2,437	$ 456

Related party transactions

On January 2, 2020, the Company entered into an arrangement to share office space, equipment, personnel, consultants and various administrative services with other companies related by virtue of certain directors and management in common. These services have been provided through a management company equally owned by each company party to the arrangement. Costs incurred by the management company are allocated and funded by the shareholders of the management company based on time incurred and use of services. If the Company's participation in the arrangement is terminated, the Company will be obligated to pay its share of the rent payments for the remaining term of the office space rental agreement. The Company's obligation for future rental payments on June 30, 2021 was approximately $661 (December 31, 2020 – $317), determined based on the Company's average share of rent paid in the immediately preceding 12 months.

The Company was charged for the following with respect to these arrangements in the three and six months ended June 30, 2021 and 2020.

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Salaries and benefits	$ 372	$ 159	$ 720	$ 307
Office and other	135	63	205	120
Marketing and travel	8	4	10	10
	$ 515	$ 226	$ 935	$ 437

At June 30, 2021, amounts prepaids and other includes $46 (December 31, 2020 – $15 due to related parties) with respect to this arrangement.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

In preparing the accompanied condensed consolidated interim financial statements in conformity with IFRS, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ. All estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgements and estimates in applying accounting policies that have the most significant effect on amounts recognized in the consolidated financial statements are the same as those described in the consolidated annual financial statements for the year ended December 31, 2020.

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC. However, these updates either are not applicable to the Company or are not material to the consolidated financial statements.

FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's financial assets.

The Company is primarily exposed to credit risk on its cash and cash equivalents and amounts receivable. Credit risk exposure is limited through maintaining its cash with high-credit quality financial institutions. The carrying value of these financial assets of $60,428 represents the maximum exposure to credit risk.

(Expressed in thousands of United States dollars, unless otherwise noted)

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short term business requirements after taking into account the Company's holdings of cash.

c) Foreign currency risk

The Company is exposed to currency risk on transactions and balances in currencies other than the functional currency. At June 30, 2021, the Company had not entered into any contracts to manage foreign exchange risk.

The functional currency of the parent company is Canadian dollars. Therefore, the Company is exposed to currency risk from the assets and liabilities denominated in US dollars. However, the impact on such exposure is not currently material.

The Company is also exposed to currency risk on financial assets and liabilities denominated in Peruvian Soles, Chilean pesos, Mexican pesos and Guatemalan quetzals. However, the impact on such exposure is not currently material.

Capital management

The Company's primary objective when managing capital is to ensure that it will be able to continue as a going concern and that it has the ability to satisfy its capital obligations and ongoing operational expenses, as well as having sufficient liquidity to fund suitable business opportunities as they arise.

The capital of the Company includes the components of equity attributable to shareholders of the Company, net of cash and cash equivalents. Capital is summarized in the following table:

		June 30, 2021		December 31, 2020
Equity	$	63,704	$	78,645
Cash and cash equivalents		(60,163)		(73,593)
	$	3,541	$	5,052

The Company manages its capital structure and makes adjustments to it as necessary in light of economic conditions. In order to maintain the capital structure, the Company may, from time to time, issue or buy back equity, repay debt, or sell assets. The Company, upon approval from its Board of Directors, intends to balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

RISKS AND UNCERTAINTIES

The risks related to Solaris' business and those that are reasonable likely to affect the Company's financial statements in the future, are described in the Company's December 31, 2020 annual MD&A dated April 19, 2021, which is filed on SEDAR.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, under the supervision of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), have designed disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), based on the 2013 control framework developed by the Committee of Sponsoring Organizations of the Treadway Commission.

The DC&P have been designed to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO, particularly during the period in which the interim filings are prepared and the information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified. The ICFR has been designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with international financial reporting standards. Due to the inherent limitations associated with any such controls and procedures, management recognizes that, no matter how well designed, they may not prevent or detect misstatements on a timely basis.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

NI 52-109 also requires Canadian public companies to disclose any changes in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to internal controls in the three months ended June 30, 2021.

QUALIFIED PERSON

The technical information contained in this document has been reviewed and approved by Donald R. Taylor, MSc., PG, Director of the Company who is a "Qualified Person" as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. Mr. Taylor has more than 25 years of mineral exploration and mining experience, and is a Registered Professional Geologist through the SME (registered member #4029597).