Solaris Resources Inc.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

These unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Professional Chartered Accountants for a review of interim financial statements by an entity's auditor.

Solaris Resources Inc.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited – in thousands of United States dollars)

	Note		September 30, 2021		December 31, 2020
Assets					
Current assets					
Cash and cash equivalents		$	46,721	$	73,593
Prepaids and other	3		1,293		244
			48,014		73,837
Restricted cash	6		74		70
Exploration and evaluation assets	4		20,180		20,180
Property, plant and equipment	5		2,054		835
Total assets		$	70,322	$	94,922
Liabilities and Equity					
Current liabilities					
Accounts payable and accrued liabilities		$	7,774	$	3,230
Due to related parties	15		–		66
Lease liability			219		56
Derivative liability	7		1,052		3,996
			9,045		7,348
Long-term liabilities					
Lease liability			213		79
Reclamation provision	6		1,411		936
Total liabilities			10,669		8,363
Shareholders' equity					
Common shares	8		118,033		110,239
Reserves	8		20,335		17,511
Deficit			(86,640)		(49,105)
Equity attributable to shareholders of the Company			51,728		78,645
Non-controlling interests	12		7,925		7,914
Total shareholders' equity			59,653		86,559
Total liabilities and equity		$	70,322	$	94,922

Subsequent event (Note 8)
Commitments (Note 16)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Solaris Resources Inc.

Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss

For the three and nine months ended September 30, 2021 and 2020

(Unaudited – in thousands of United States dollars, except share and per share amounts)

	Note	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Exploration expenses	9	$ 14,120	$ 4,519	$ 33,708	$ 7,918
General and administrative expenses	10	2,125	764	6,442	2,108
Loss from operations		16,245	5,283	40,150	10,026
Change in fair value of derivatives	7	(3,381)	6,453	(2,260)	3,415
Finance income, net		(90)	(30)	(339)	(68)
Other expense		15	–	31	19
Net loss		$ 12,789	$ 11,706	$ 37,582	$ 13,392
Other comprehensive (income) loss					
Items that may be reclassified to profit or loss:					
Foreign currency translation (income) loss		1,342	(543)	(392)	(281)
Total comprehensive loss		$ 14,131	$ 11,163	$ 37,190	$ 13,111
Net loss attributable to:					
Shareholders of the Company		$ 12,768	$ 11,683	$ 37,535	$ 13,352
Non-controlling interest	12	21	23	47	40
		$ 12,789	$ 11,706	$ 37,582	$ 13,392
Total comprehensive loss attributable to:					
Shareholders of the Company		$ 14,110	$ 11,140	$ 37,143	$ 13,071
Non-controlling interest	12	21	23	47	40
		$ 14,131	$ 11,163	$ 37,190	$ 13,111
Net loss per share attributable to shareholders of the Company					
Basic and diluted		$ 0.12	$ 0.13	$ 0.35	$ 0.18
Weighted average number of shares outstanding					
Basic and diluted		108,226,182	88,561,124	107,255,066	73,384,293

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Solaris Resources Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the three and nine months ended September 30, 2021 and 2020

(Unaudited – In thousands of United States dollars)

	Note	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Cash provided by (used in):					
Operations					
Net loss for the period		$ (12,789)	$ (11,706)	$ (37,582)	$ (13,392)
Adjustments for:					
Change in fair value of derivatives	7	(3,381)	6,453	(2,260)	3,415
Finance income, net		(90)	(30)	(339)	(68)
Foreign exchange and other		39	10	41	30
Share-based compensation	8	1,235	323	3,660	764
Amortization	5	128	18	266	40
Reclamation provision		53	160	472	160
Net changes in non-cash working capital items:					
Prepaids and other		45	91	(992)	(162)
Accounts payable and accrued liabilities		2,381	2,109	4,504	2,318
Due (from) to related parties	15	(5)	(21)	(72)	12
		(12,384)	(2,593)	(32,302)	(6,883)
Financing					
Private placement equity financings		–	–	–	15,427
Proceeds from exercise of Equinox Warrants, warrants and stock options		761	652	5,802	2,720
Payment of lease liability		(106)	(10)	(137)	(28)
Contribution from non-controlling interest		58	–	58	–
Finance income received, net		98	30	353	71
		811	672	6,076	18,190
Investing					
Restricted cash contribution		–	–	(4)	–
Purchases of property, plant and equipment	5	(365)	(161)	(1,062)	(224)
Deposits for property and equipment		(59)	(62)	(59)	(62)
		(424)	(223)	(1,125)	(286)
Effect of exchange rate changes on cash and cash equivalents		(1,445)	403	479	267
Increase (decrease) in cash and cash equivalents		(13,442)	(1,741)	(26,872)	11,288
Cash and cash equivalents, beginning of period		60,163	19,122	73,593	6,093
Cash and cash equivalents, end of period		$ 46,721	$ 17,381	$ 46,721	$ 17,381

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Solaris Resources Inc.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited – in thousands of United States dollars, except number of shares)

		Share Capital		Reserves					
	Note	Number of Shares	Amount	Options, RSUs and warrants	Foreign currency translation	Total	Deficit	Non-controlling interest	Total equity
Balance, December 31, 2020		105,057,203	$ 110,239	$ 16,492	$ 1,019	$ 17,511	$ (49,105)	$ 7,914	$ 86,559
Shares issued on redemption of RSUs, net of shares withheld for tax	8	4,191	4	(32)	–	(32)	–	–	(28)
Shares issued on exercise of stock options	8	510,605	524	(179)	–	(179)	–	–	345
Shares issued on exercise of Solaris warrants and Equinox Warrants	8	2,767,290	7,266	(1,017)	–	(1,017)	–	–	6,249
Share-based compensation	8	–	–	3,660	–	3,660	–	–	3,660
Contribution from non-controlling interest		–	–	–	–	–	–	58	58
Net loss and comprehensive loss		–	–	–	392	392	(37,535)	(47)	(37,190)
Balance, September 30, 2021		108,339,289	$ 118,033	$ 18,924	$ 1,411	$ 20,335	$ (86,640)	$ 7,925	$ 59,653
Balance, December 31, 2019	8	60,424,610	$ 43,104	$ 811	$ –	$ 811	$ (23,186)	$ 7,822	$ 28,551
Private placement equity financing	8	26,500,000	11,434	3,993	–	3,993	–	–	15,427
Shares issued on vesting of RSUs	8	45,204	40	(40)	–	(40)	–	–	–
Shares issued on exercise of stock options	8	232,193	173	(63)	–	(63)	–	–	110
Shares issued on exercise of Solaris warrants and Equinox Warrants		1,772,526	1,473	(54)	–	(54)	–	–	1,419
Share-based compensation		–	–	764	–	764	–	–	764
Warrants reclassified as equity on change of functional currency		–	–	1,510	–	1,510	–	–	1,510
Net loss and comprehensive loss		–	–	–	281	281	(13,352)	(40)	(13,111)
Balance, September 30, 2020		88,974,533	$ 56,224	$ 6,921	$ 281	$ 7,202	$ (36,538)	$ 7,782	$ 34,670

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

Solaris Resources Inc. (the “Company” or “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”). Equinox subsequently distributed 60% of the outstanding shares of the Company to its shareholders pursuant to a plan of arrangement (the “Arrangement”). Solaris’ common shares commenced trading on the TSX Venture Exchange in July 2020 under the symbol “SLS”. In February 2021, Solaris’ common shares commenced trading on the Toronto Stock Exchange and were delisted from the TSX Venture Exchange.

The Company is engaged in the acquisition, exploration and development of mineral property interests. The Company’s assets consist primarily of the Warintza property (“Warintza”) in Ecuador, the 60% owned La Verde property (“La Verde”) in Mexico, the Ricardo property (“Ricardo”) in Chile, optioned to Freeport-McMoRan, and its optioned and owned Tamarugo property (“Tamarugo”) in Chile. The Company has not yet determined whether the properties contain mineral reserves where extraction is both technically feasible and commercially viable. The business of mining and the exploration for minerals involves a high degree of risk and there can be no assurance that such activities will result in profitable mining operations.

The Company relies on share issuances in order to fund its exploration and other business objectives. As at September 30, 2021, the Company has cash and cash equivalents of $46,721. Based on the forecasted expenditures, this balance would be sufficient to fund the Company’s planned exploration activities; however, if the Company continues to maintain the existing exploration activities throughout the next twelve months, the current cash balances may not be sufficient to fund these expenditures. The Company has the ability to scale back such activities as necessary to ensure that it 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 plans.

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, unwarranted 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 delay planned business activities, 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.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Accounting Standard 34 (“IAS 34”), *Interim Financial Reporting*, and do not include all of the information required for annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performances since the last annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Company’s most recent annual audited financial statements for the year ended December 31, 2020. The accounting policies, significant judgments made by management in applying these policies and key sources of estimation uncertainty are the same as those applied in the Company’s annual audited consolidated 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 (International Financial Reporting Interpretations Committee). However, these updates either are not applicable to the Company or are not material to the consolidated financial statements.

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

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on November 10, 2021.

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for derivatives which are recognized at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. These condensed consolidated interim financial statements are presented in United States dollars ("US dollars"). The functional currency of the Company is the Canadian dollar and for its subsidiaries is the US dollar.

3. PREPAIDS AND OTHER

	Note		September 30, 2021		December 31, 2020
Prepaid expenses and deposits		$	859	$	118
Supplies inventory			119		83
Taxes recoverable			45		38
Amounts receivable and other			198		5
Due from related party	15		72		–
		$	1,293	$	244

4. EXPLORATION AND EVALUATION ASSETS

	Note		September 30, 2021		December 31, 2020
La Verde (Mexico)	a)	$	19,741	$	19,741
Warintza (Ecuador)	b)		188		188
Ricardo (Chile)	c)		251		251
		$	20,180	$	20,180

a) 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 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.

b) Warintza

The Company owns a 100% interest in Warintza. Warintza is located in south eastern Ecuador in the province of Morona Santiago, Canton Limon Indanza. It consists of eight mining concessions (the "Concessions") covering a total of 26,777 hectares. The Concessions expire between September 2031 and March 2042 and can be renewed for an additional period of 25 years. South32 Royalty Investments Pty holds a 2% net smelter royalty on the original three concessions covering a total of 10,000 hectares.

c) Ricardo

The Company owns a 100% interest in Ricardo, an early stage exploration porphyry copper prospect located near Calama, Chile in the Calama Mining District. The Ricardo claim block covers approximately 16,000 hectares.

In October 2018 and amended in October 2019, the Company entered into a definitive earn-in option agreement (the "Ricardo Option Agreement") with Minera Freeport-McMoRan South America Limitada ("Freeport") with respect to Ricardo.

The amended Ricardo Option Agreement provides for a three-staged process by which Freeport can earn up to an 80% interest in the Ricardo property as follows:

To earn an initial 60% interest in the Ricardo Property, Freeport must complete both Stage 1 and Stage 2:

- Stage 1: Upon receipt of the relevant exploration permits in December 2018 (the "Effective Date"), Freeport is required to spend $4.2 million in exploration expenditures over the three years and three months following the Effective Date.

- Stage 2: Upon completion of Stage 1, Freeport can elect to spend $4.8 million in the fourth year plus three months following the Effective Date, $8.0 million in the fifth year plus three months following the Effective Date and $13.0 million in the fifth year following the Effective Date.

Upon completion of both Stage 1 and Stage 2, Freeport can elect to complete Stage 3 to earn an additional 20% interest in the Ricardo Property whereby Freeport is required to complete the first of (i) funding a feasibility study for a mine at Ricardo and (ii) spending an additional $100 million in exploration expenditures. Should Stage 3 not be completed within ten years, Freeport can maintain the option by paying to the Company $1 million annually until Stage 3 is complete.

d) Tamarugo

Tamarugo is a grass-roots copper porphyry target located in northern Chile. 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 as follows:

- To earn an initial 51% interest in Tamarugo, the Company is required to spend $4.0 million in exploration expenditures over five years commencing in December 2019 with $0.25 million to be spent in years one and two, $0.35 million in year three, $1.9 million in year four and $1.5 million in year five.

- Within 60 days of the Company earning the initial 51% interest in Tamarugo, Freeport may exercise a back-in right to reacquire 11% of Tamarugo by paying to the Company $12 million (the "Back-in Right"). Freeport will then be required to fund all exploration expenditures until either completing a pre-feasibility study for a mine at Tamarugo or spending a total of $50 million within 10 years of exercise of the Back-in Right. Should Freeport not complete either the pre-feasibility study or spend a total of $50 million within 10 years of exercise of the Back-in Right, Freeport can maintain its 11% interest by paying to the Company $1 million annually until it completes either one of these obligations.

- Should Freeport elect not to exercise the Back-in Right, the Company can elect to earn an additional 24% interest in Tamarugo by spending an additional $1.5 million in exploration expenditures in year five and delivering a pre-feasibility study for a mine at Tamarugo by the end of year seven.

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 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.

e) 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.

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

5. PROPERTY, PLANT AND EQUIPMENT

	Site infra-structure and equipment	Construction in progress	Vehicles	Warehouse & office equipment & furniture	Right-of-use assets	Total
Cost						
As at December 31, 2019	$ 115	$ –	$ –	$ 29	$ 103	$ 247
Additions	554	50	–	80	77	761
As at December 31, 2020	$ 669	$ 50	$ –	$ 109	$ 180	$ 1,008
Additions	421	318	2	321	423	1,485
Transfers	74	(74)	–	–	–	–
As at September 30, 2021	$ 1,164	$ 294	$ 2	$ 430	$ 603	$ 2,493
Accumulated amortization						
As at December 31, 2019	$ 94	$ –	$ –	$ 5	$ 6	$ 105
Amortization	16	–	–	10	42	68
As at December 31, 2020	$ 110	$ –	$ –	$ 15	$ 48	$ 173
Amortization	140	–	–	63	63	266
As at September 30, 2021	$ 250	$ –	$ –	$ 78	$ 111	$ 439
Net book value						
As at December 31, 2020	$ 559	$ 50	$ –	$ 94	$ 132	$ 835
As at September 30, 2021	$ 914	$ 294	$ 2	$ 352	$ 492	$ 2,054

6. RECLAMATION PROVISION

	September 30, 2021	December 31, 2020
Balance, start of period	$ 936	$ –
Additions	496	936
Accretion	3	–
Change in estimate	(24)	–
Balance, end of period	$ 1,411	$ 936

The reclamation provision represents the estimated costs for restoration and rehabilitation for environmental disturbances at Warintza, estimated to be incurred in the year 2027. The total undiscounted estimated cash flows required to settle these obligations as at September 30, 2021 are $1,525 (December 31, 2020 – $997), which have been inflated at an average rate of 1.00% per annum (December 31, 2020 – 1.00%) and discounted at an average rate of 1.32% (December, 31, 2020 – 0.92%) per annum being an estimate of the risk-free, pre-tax cost of borrowing over the respective periods.

Restricted cash of $74 (December 31, 2020 – $70) represents funds being used to collateralize a guarantee issued to support environmental bonding requirements with respect to the environmental disturbances at Warintza.

7. DERIVATIVES

Pursuant to the Arrangement under which Equinox distributed 60% of the shares of the Company to its shareholders in August 2018, the Company became obligated to issue Solaris common shares on any exercise of then existing Equinox Warrants. The obligation to issue shares on exercise of Equinox Warrants meets the definition of a derivative.

As at September 30, 2021, the Company is obligated to issue 4,157,694 common shares (December 31, 2020 – 4,425,287) on exercise of Equinox Warrants which have a weighted average exercise price per one whole Equinox common share and one-quarter Solaris common share issuable of C$14.64 (December 31, 2020 – C$14.24) and a weighted average contractual life of 0.07 years (December 31, 2020 – 0.80 years). Equinox is required to pay to the Company one-tenth of the proceeds it receives on the exercise of these warrants.

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

At September 30, 2021 and December 31, 2020, the fair value of the Company's obligation to issue shares on exercise of Equinox Warrants classified as a derivative was determined using the Monte Carlo Simulation model.

The following assumptions were used in estimating the fair value of the derivative for September 30, 2021 and December 31, 2020:

Weighted average		September 30, 2021		December 31, 2020
Risk-free rate		0.20% – 0.53%		0.04% – 0.20%
Correlation of changes in Solaris and Equinox share prices		28%		25%
Expected term (years)		0.07		0.80
Expected volatility – Equinox and Solaris[1]		42% and 56%		59% and 91%
Expected dividend		–		–
Solaris share price per whole share	C$	11.01	C$	6.08
Equinox share price per whole share	C$	8.36	C$	13.17

[1] The expected volatility of Solaris is based on both the historical volatility of the Solaris shares as well as shares of a comparative peer group of companies.

During the nine months ended September 30, 2021, the Company issued 174,665 common shares (December 31, 2020 – 1,551,436) on exercise of 3,493,293 Equinox Warrants (December 31, 2020 – 31,028,672). A continuity of the derivative asset (liability) is as follows:

		September 30, 2021		December 31, 2020
Balance, start of period	$	(3,996)	$	3,999
Exercise of warrants		792		(1,165)
Change in fair value		2,260		(6,713)
Foreign exchange on translation		(108)		(117)
Balance, end of period	$	(1,052)	$	(3,996)

8. SHARE CAPITAL

a) Common shares

Authorized: Unlimited common shares, with no par value

Issued and fully paid: 108,339,289 (December 31, 2020 – 105,057,203)

b) Share purchase options

For the three and nine months ended September 30, 2021, the Company recognized a share-based compensation expense included in general and administrative expenses of $1,235 and $3,660, respectively (September 30, 2020 – $323 and $764, respectively).

The following table shows the change in the shares issuable for Arrangement options (see below) and Solaris options during the nine months ended September 30, 2021 and 2020:

	2021	2020
Balance, start of period	8,086,002	3,172,788
Granted	700,000	3,249,500
Exercised	(510,605)	(232,193)
Forfeited	(169,860)	(132,235)
Balance, end of period	8,105,537	6,057,860

The weighted average exercise price per share issuable of options granted, exercised and expired during the nine months ended September 30, 2021 was C$10.59, C$0.84 and C$0.96, respectively. The weighted average exercise price per share issuable of options granted, exercised and forfeited in the nine months ended September 30, 2020 was C$0.80, C$0.63 and C$0.98, respectively.

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

The assumptions used in the Black-Scholes option pricing model for the options granted in the nine months ended September 30, 2021 and 2020 were as follows:

Weighted average		2021		2020
Exercise price per share issuable	C$	10.59	C$	0.80
Expected term (years)		5.00		5.00
Volatility[1]		67%		89%
Expected dividend yield		–		–
Risk-free interest rate		0.92%		0.54%

[1] The expected volatility of Solaris is based on the historical volatility of the shares of a comparative peer group of companies.

Arrangement options

Pursuant to the Arrangement under which Equinox distributed the shares of the Company to its shareholders, option holders of Equinox received options of Solaris which were proportionate to, and reflective of the terms of, their existing options of Equinox ("Arrangement options"). As at September 30, 2021, a total of 1,672,025 (September 30, 2020 – 5,958,478) Arrangement options are outstanding with each option entitling the holder to one-tenth of a Solaris share. As at September 30, 2021, a total of 167,205 (September 30, 2020 – 595,860) shares are issuable by Solaris upon exercise of the Arrangement options.

Outstanding						Exercisable		
Range of exercise price per Arrangement option (C$)[2]	Number of Arrangement options outstanding	Number of shares issuable		Weighted average exercise price per option (C$)	Weighted average remaining contractual life (years)	Number of shares issuable		Weighted average exercise price per option (C$)
$0.10	160,275	16,028	$	0.10	0.52	16,028	$	0.10
$0.11 - $0.12	1,511,750	151,177		0.12	1.29	151,177		0.12
	1,672,025	167,205	$	0.12	1.22	167,205	$	0.12

[2] Range of exercise price per option for $1/10^{th}$ of a Solaris share.

The weighted average exercise price of the Arrangement options exercisable at September 30, 2021, attributable to the issuance of a whole Solaris share was C$1.18 (September 30, 2020 – C$1.20).

Solaris options

Outstanding					Exercisable	
Grant date		Exercise price (C$)	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
August 9, 2019	$	0.50	650,000	2.86	650,000	2.86
November 18, 2019		0.80	900,000	2.49	450,000	2.49
November 21, 2019		0.80	241,666	3.15	66,667	3.15
January 2, 2020		0.80	350,000	3.26	175,000	3.26
March 20, 2020		0.80	100,000	3.47	50,000	3.47
May 27, 2020		0.80	2,696,666	3.59	929,000	3.46
November 2, 2020		4.90	2,300,000	4.09	–	–
March 16, 2021		7.24	300,000	4.46	–	–
September 15, 2021		13.11	400,000	4.96	–	–
		2.83	7,938,332	3.62	2,320,667	3.08

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

c) Restricted share units

Pursuant to the Arrangement, holders of Equinox RSUs or pRSUs received RSUs or pRSUs of Solaris ("Arrangement RSUs"), which were proportionate to, and reflective of the terms of, their existing RSUs or pRSUs of Equinox. The holder of the Arrangement RSUs acquires one-tenth of a Solaris share upon vesting.

The following table shows the change in the RSUs and pRSUs outstanding and shares issuable during the nine months ended September 30, 2021 and 2020:

	RSUs and pRSUs outstanding		Shares issuable	
	2021	2020	2021	2020
Balance, start of period	2,383,414	3,227,899	508,343	362,797
Vesting or redemption of RSUs	(101,328)	(452,012)	(10,133)	(45,204)
Additional shares issuable for pRSU which vested based on market performance conditions	–	–	–	230,000
Balance, end of period	2,282,086	2,775,887	498,210	547,593

During the nine months ended September 30, 2021, 101,328 RSUs for 10,133 shares issuable were redeemed under a provision of the Company's RSU Plan which allows for the issuance of common shares net of withholding tax obligations, resulting in the issuance of 4,191 common shares of the Company to the RSU holder. The RSU holder received the number of common shares in the Company equivalent to the market value of the common shares underlying the number of RSUs redeemed less the withholding tax obligation, without payment of cash or any other consideration. The weighted average share price, at the date of redemption of these RSUs was C$6.01.

The number of shares issuable pursuant to certain pRSU's vary depending on achievement of certain market performance conditions. In the nine months ended September 30, 2020, a tranche of the pRSU's vested and the shares expected to be issued increased by 230,000. These shares have not yet been redeemed.

d) Shares issuable for Equinox Warrants

Pursuant to the Arrangement, upon exercise of each pre-existing Equinox Warrant, warrant holders will receive one-fifth of a common share of Equinox and one-twentieth of a Solaris share. Equinox will pay to Solaris an amount equal to one-tenth of the proceeds received by Equinox on exercise of the warrants.

A continuity of the Company's shares issuable for Equinox Warrants is as follows:

	Shares issuable on exercise of warrants	Weighted average price per Solaris share issuable (C$)	Equinox weighted average exercise price[3] (C$)
Outstanding, December 31, 2019	6,012,802	$ 4.80	$ 12.00
Exercised	(1,551,436)	2.17	5.43
Expired	(36,079)	8.19	20.47
Outstanding, December 31, 2020	4,425,287	$ 5.70	$ 14.24
Exercised	(174,665)	2.51	6.29
Expired	(92,928)	4.53	11.34
Outstanding, September 30, 2021	4,157,694	$ 5.86	$ 14.64

Range of exercise price per Solaris share issuable (C$)	Shares issuable on exercise of warrants	Weighted average price per Solaris share issuable (C$)	Equinox weighted average exercise price[3] (C$)	Expiry dates
$2.00 - $2.12	153,529	2.12	5.30	December 2022 – May 2023
$6.00	4,004,165	6.00	15.00	October 2021[4]
	4,157,694	$ 5.86	$ 14.64	

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

[3] Equinox Warrants weighted average exercise price per one whole Equinox common share and one-quarter Solaris common share issuable.

[4] Subsequent to September 30, 2021, 4,003,940 of the 4,004,165 Equinox Warrants expired unexercised on October 6, 2021.

e) Share purchase warrants

The following is a summary of the Company's warrants at September 30, 2021:

Date of Issue	Exercise Price (C$)	Expiry Date	December 31, 2020	Exercised	Expired	September 30, 2021
July 8, 2019	$0.70	July 8, 2022	500,000	–	–	500,000
November 8, 2019	$1.20	November 8, 2022	3,380,250	(705,125)	–	2,675,125
November 15, 2019	$1.20	November 15, 2022	1,718,750	–	–	1,718,750
December 24, 2019	$1.20	December 24, 2022	1,531,250	–	–	1,531,250
May 28, 2020	$1.20	May 28, 2023	25,000,000	–	–	25,000,000
June 10, 2020	$1.20	June 10, 2023	1,300,000	(1,300,000)	–	–
December 30, 2020	$6.75	December 30, 2022	7,750,000	(587,500)	–	7,162,500
			41,180,250	(2,592,625)	–	38,587,625

The weighted average exercise price of the Company's warrants outstanding at September 30, 2021 is C$2.22 (December 31, 2020 – C$2.24).

9. EXPLORATION EXPENSES

The Company's exploration expenditures by activity for three and nine months ended September 30, 2021 and 2020 are as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Salaries, geological consultants and support, and travel	$ 3,635	$ 855	$ 8,174	$ 1,953
Site preparation, supplies, field and general	1,994	963	4,892	1,794
Drilling and drilling related costs	5,684	1,491	13,739	2,191
Assay and analysis	1,036	82	1,978	82
Community relations, environmental and permitting	1,545	235	3,459	664
Concession fees	22	41	418	360
Geotechnical analysis	–	674	–	674
Studies	23	–	310	–
Reclamation provision	53	160	472	160
Amortization	128	18	266	40
	$ 14,120	4,519	$ 33,708	$ 7,918

Pursuant to agreements with local communities, the Company is required to make certain monthly community support payments.

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

The Company's exploration expenditures by jurisdiction are as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Ecuador	$ 13,591	$ 4,249	$ 31,675	$ 7,248
Chile	193	103	1,117	273
Mexico	43	58	105	100
Peru and other	293	109	811	297
	$ 14,120	$ 4,519	$ 33,708	$ 7,918

10. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Share-based compensation	$ 1,235	$ 323	$ 3,660	$ 764
Salaries and benefits	243	190	1,116	596
Office and other	227	82	503	237
Filing and regulatory fees	6	70	263	129
Professional fees	308	65	467	247
Marketing and travel	106	34	433	135
	$ 2,125	$ 764	$ 6,442	$ 2,108

11. SEGMENTED INFORMATION

The Company has determined that it has one operating segment, being the exploration of mineral properties.

Information about the Company's non-current assets by jurisdiction is detailed below:

	September 30, 2021	December 31, 2020
Mexico	$ 19,759	$ 19,762
Ecuador	2,252	1,050
Chile	261	261
Peru	36	12
	$ 22,308	$ 21,085

Information about the Company's exploration expenditures by jurisdiction is detailed in Note 9.

12. NON-CONTROLLING INTEREST

The Company, through its 60% ownership of Minera Torre de Oro, S.A.P.I. de C.V., controls the La Verde project, with a non-controlling interest accounting for the 40% owned by a subsidiary of Teck Resources Ltd.

Summarized financial information for the La Verde project is as follows:

	September 30, 2021	December 31, 2020
Current assets	$ 20	$ 25
Non-current assets	19,741	19,741
Current liabilities	7	7

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

		Three months ended September 30, 2021		2020		Nine months ended September 30, 2021		2020
Net loss	$	52	$	58	$	117	$	100
Attributable to shareholders of the Company		31		35		70		60
Attributable to Non-controlling interest		21		23		47		40

13. 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 $46,993 represents the maximum exposure to credit risk.

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.

At September 30, 2021, the Company had contractual cash flow commitments as follows:

		< 1 Year		1-3 Years		3-5 Years		> 5 Years		Total
Accounts payable and accrued liabilities	$	7,774	$	–	$	–	$	–	$	7,774
Lease liabilities		219		213		–		–		432
Office rent obligations		397		525		43		–		965
Exploration expenses and other		245		100		–		–		345
	$	8,635	$	838	$	43	$	–	$	9,516

c) Foreign currency risk

The Company is exposed to currency risk on transactions and balances in currencies other than the functional currency. At September 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.

14. FAIR VALUE MEASUREMENTS

As at September 30, 2021, the Company's derivative instruments are measured at fair value using Level 2 inputs. The carrying values of cash and cash equivalents, deposits, amounts receivable and accounts payable and accrued liabilities approximate fair value due to their short terms to maturity. There were no transfers between fair value levels in the periods presented.

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

15. RELATED PARTY TRANSACTIONS

a) 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.

Key management compensation for the three and nine months ended September 30, 2021 and 2020 is comprised of:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Share-based compensation	$ 1,002	$ 258	$ 3,023	$ 527
Salaries and benefits	154	94	429	281
Professional fees	70	–	211	–
	$ 1,226	$ 352	$ 3,663	$ 808

b) 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 September 30, 2021 was approximately $624 (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 nine months ended September 30, 2021 and 2020:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Salaries and benefits	$ 318	$ 185	$ 898	$ 492
Professional fees	46	–	186	–
Office and other	104	67	309	187
Marketing and travel	5	6	15	16
	$ 473	$ 258	$ 1,408	$ 695

At September 30, 2021, amounts in prepaids and other include $72 due from related party (December 31, 2020 – $15 due to related parties included in current liabilities) with respect to this arrangement.

16. COMMITMENTS

The Company is committed to payments for office leases premises through 2024 in the total amount of approximately $965 based on the Company's current share of rent paid. Payments by fiscal year are:

2021	$ 101
2022	372
2023	257
2024	235

The Company is committed to payments related to exploration expenses and other of approximately $155 in 2021 and $120 in 2022 and $70 in 2023.