SOLARIS RESOURCES

Solaris Resources Inc.

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 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		June 30, 2021		December 31, 2020
Assets					
Current assets					
Cash and cash equivalents		$	60,163	$	73,593
Prepaids and other	3		1,274		244
			61,437		73,837
Restricted cash	6		74		70
Exploration and evaluation assets	4		20,180		20,180
Property, plant and equipment	5		1,394		835
Total assets		$	83,085	$	94,922
Liabilities and Equity					
Current liabilities					
Accounts payable and accrued liabilities		$	5,369	$	3,230
Due to related parties	15		–		66
Lease liability			60		56
Derivative liability	7		4,659		3,996
			10,088		7,348
Long-term liabilities					
Lease liability			49		79
Reclamation provision	6		1,356		936
Total liabilities			11,493		8,363
Shareholders' equity					
Common shares	8		116,994		110,239
Reserves	8		20,582		17,511
Deficit			(73,872)		(49,105)
Equity attributable to shareholders of the Company			63,704		78,645
Non-controlling interests	12		7,888		7,914
Total shareholders' equity			71,592		86,559
Total liabilities and equity		$	83,085	$	94,922

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

Solaris Resources Inc.

Condensed Consolidated Interim Statements of Net Loss (Income) and Comprehensive Loss (Income)
For the three and six months ended June 30, 2021 and 2020
(Unaudited – in thousands of United States dollars, except share and per share amounts)

		Three months ended June 30,		Six months ended June 30,	
	Note	2021	2020	2021	2020
Exploration expenses	9	$ 11,237	$ 1,002	$ 19,588	$ 3,399
General and administrative expenses	10	2,317	718	4,303	1,344
Loss from operations		13,554	1,720	23,891	4,743
Change in fair value of derivatives	7	(1,724)	(3,506)	1,121	(3,038)
Finance income, net		(125)	(17)	(249)	(38)
Other expense (income)		13	(5)	30	19
Net loss (income)		$ 11,718	$ (1,808)	$ 24,793	$ 1,686
Other comprehensive (income) loss					
Items that may be reclassified to profit or loss:					
Foreign currency translation (income) loss		(987)	(424)	(1,734)	262
Total comprehensive loss (income)		$ 10,731	$ (2,232)	$ 23,059	$ 1,948
Net loss (income) attributable to:					
Shareholders of the Company		$ 11,709	$ (1,820)	$ 24,767	$ 1,669
Non-controlling interest	12	9	12	26	17
		$ 11,718	$ (1,808)	$ 24,793	$ 1,686
Total comprehensive loss (income) attributable to:					
Shareholders of the Company		$ 10,722	$ (2,244)	$ 23,033	$ 1,931
Non-controlling interest	12	9	12	26	17
		$ 10,731	$ (2,232)	$ 23,059	$ 1,948
Net loss (income) per share attributable to shareholders of the Company					
Basic and diluted		$ 0.11	$ (0.03)	$ 0.23	$ 0.03
Weighted average number of shares outstanding					
Basic	16	107,897,742	71,447,561	106,761,459	65,712,488
Diluted	16	107,897,742	72,064,130	106,761,459	65,712,488

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 six months ended June 30, 2021 and 2020
(Unaudited – In thousands of United States dollars)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Cash provided by (used in):					
Operations					
Net income (loss) for the period		$ (11,718)	$ 1,808	$ (24,793)	$ (1,686)
Adjustments for:					
Change in fair value of derivatives	7	(1,724)	(3,506)	1,121	(3,038)
Finance income, net		(125)	(17)	(249)	(38)
Foreign exchange and other		7	2	2	23
Share-based compensation	8	1,294	273	2,425	441
Amortization	5	100	11	138	22
Reclamation provision		231	–	419	–
Net changes in non-cash working capital items:					
Prepaids and other		(432)	(154)	(1,037)	(253)
Accounts payable and accrued liabilities		1,504	(258)	2,123	209
Due (from) to related parties	15	(1)	(26)	(67)	33
		(10,864)	(1,867)	(19,918)	(4,287)
Financing					
Private placement equity financings		–	15,427	–	15,427
Proceeds from exercise of Equinox Warrants, warrants and stock options		708	1,749	5,041	2,068
Payment of lease liability		(15)	(9)	(31)	(18)
Finance income received, net		127	17	255	38
		820	17,184	5,265	17,515
Investing					
Restricted cash contribution		(4)	–	(4)	–
Purchases of plant and equipment	5	(262)	(44)	(697)	(63)
		(266)	(44)	(701)	(63)
Effect of exchange rate changes on cash and cash equivalents		1,105	260	1,924	(136)
Increase (decrease) in cash and cash equivalents		(9,205)	15,533	(13,430)	13,029
Cash and cash equivalents, beginning of period		69,368	3,589	73,593	6,093
Cash and cash equivalents, end of period		$ 60,163	$ 19,122	$ 60,163	$ 19,122

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	482,412	483	(168)	–	(168)	–	–	315
Shares issued on exercise of Solaris warrants and Equinox Warrants	8	2,618,387	6,268	(888)	–	(888)	–	–	5,380
Share-based compensation	8	–	–	2,425	–	2,425	–	–	2,425
Net loss and comprehensive loss		–	–	–	1,734	1,734	(24,767)	(26)	(23,059)
Balance, June 30, 2021		108,162,193	$ 116,994	$ 17,829	$ 2,753	$ 20,582	$ (73,872)	$ 7,888	$ 71,592
Balance, December 31, 2019	8	60,424,610	$ 43,104	$ 811	$ –	$ 811	$ (23,186)	$ 7,822	$ 28,551
Private placement equity financing, net of $27 in share issue costs	8	26,500,000	11,434	3,993	–	3,993	–	–	15,427
Shares issued on vesting of RSUs	8	10,562	9	(9)	–	(9)	–	–	–
Shares issued on exercise of stock options and Equinox Warrants	8	1,441,949	1,007	–	–	–	–	–	1,007
Share-based compensation		–	–	441	–	441	–	–	441
Warrants reclassified as equity on change of functional currency		–	–	1,510	–	1,510	–	–	1,510
Net loss and comprehensive loss		–	–	–	(262)	(262)	(1,669)	(17)	(1,948)
Balance, June 30, 2020		88,377,121	$ 55,554	$ 6,746	$ (262)	$ 6,484	$ (24,855)	$ 7,805	$ 44,988

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 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.

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"). 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.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on August 13, 2021.

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

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities 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		June 30, 2021		December 31, 2020
Prepaid expenses and deposits		$	687	$	118
Supplies inventory			252		83
Taxes recoverable			96		38
Amounts receivable and other			193		5
Due from related party	15		46		–
		$	1,274	$	244

4. EXPLORATION AND EVALUATION ASSETS

	Note		June 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 infrastructure and equipment		Construction in progress		Warehouse & office equipment & furniture		Right-of-use asset		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		346		221		130		–		697
Transfers		74		(74)		–		–		–
As at June 30, 2021	$	1,089	$	197	$	239	$	180	$	1,705
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		88		–		20		30		138
As at June 30, 2021	$	198	$	–	$	35	$	78	$	311
Net book value										
As at December 31, 2020	$	559	$	50	$	94	$	132	$	835
As at June 30, 2021	$	891	$	197	$	204	$	102	$	1,394

6. RECLAMATION PROVISION

		June 30, 2021		December 31, 2020
Balance, start of period	$	936	$	–
Additions		434		936
Accretion		1		–
Change in estimate		(15)		–
Balance, end of period	$	1,356	$	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 June 30, 2021 are $1,457 (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 1.21% (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 of 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 June 30, 2021, the Company is obligated to issue 4,284,400 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$14.54 (December 31, 2020 – C$14.24) and a weighted average contractual life of 0.32 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 June 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 June 30, 2021 and December 31, 2020:

Weighted average		June 30, 2021		December 31, 2020
Risk-free rate		0.15% – 0.45%		0.04% – 0.20%
Correlation of changes in Solaris and Equinox share prices		24%		25%
Expected term (years)		0.32		0.80
Expected volatility – Equinox and Solaris[1]		43% and 60%		59% and 91%
Expected dividend		–		–
Solaris share price per whole share	C$	12.05	C$	6.08
Equinox share price per whole share	C$	8.61	C$	13.17

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

During the six months ended June 30, 2021, the Company issued 138,262 common shares (December 31, 2020 – 1,551,436) on exercise of 2,765,233 Equinox Warrants (December 31, 2020 – 31,028,672). A continuity of the derivative asset (liability) is as follows:

		June 30, 2021		December 31, 2020
Balance, start of period	$	(3,996)	$	3,999
Exercise of warrants		654		(1,165)
Change in fair value		(1,121)		(6,713)
Foreign exchange on translation		(196)		(117)
Balance, end of period	$	(4,659)	$	(3,996)

8. SHARE CAPITAL

a) Common shares

Authorized: Unlimited common shares, with no par value

Issued and fully paid: 108,162,193 (December 31, 2020 – 105,057,203)

b) Private placements

During the three and six months ended June 30, 2020, the Company closed non-brokered private placement financings for 26,500,000 units at C$0.80 per unit for gross proceeds of $15,427 (C$21,200). Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of C$1.20 per common share for a period of three years. The Company allocates the proceeds received from the issuance of units to the common shares and warrants based on the relative fair value of respective instruments. As a result, the Company allocated $11,434 to the common shares and $3,993 to the warrants. The fair value of the warrants was determined using the Black-Scholes option pricing model with the following weighted average assumptions: share price of C$0.80, exercise price of C$1.20, an expected life of 3 years; annualized volatility of 70%, a risk-free rate of 0.29%; and zero expected dividend yield. The expected volatility is based on the historical volatility of the shares of a comparative peer group of companies.

c) Share purchase options

For the three and six months ended June 30, 2021, the Company recognized a share-based compensation expense included in general and administrative expenditures of $1,294 and $2,425, respectively (June 30, 2020 – $273 and $441, respectively).

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

The following table shows the change in the shares issuable for Arrangement options and Solaris options during the six months ended June 30, 2021 and 2020:

	2021	2020
Balance, start of period	8,086,002	3,172,788
Granted	300,000	3,249,500
Exercised	(482,412)	(2,763)
Forfeited	(53,759)	(126,710)
Balance, end of period	7,849,831	6,292,815

The weighted average exercise price per share issuable of options granted, exercised and expired during the six months ended June 30, 2021 was C$7.24, C$0.82 and C$0.58, respectively. The weighted average exercise price per share issuable of options granted, exercised and forfeited in the six months ended June 31, 2020 was C$0.80, $C0.40 and C$0.99, respectively.

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

Weighted average		2021		2020
Exercise price per share issuable	C$	7.24	C$	0.80
Expected term (years)		5.00		5.00
Volatility[1]		70%		89%
Expected dividend yield		–		–
Risk-free interest rate		1.03%		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 June 30, 2021, a total of 2,128,247 (June 30, 2020 – 6,308,023) Arrangement options are outstanding with each option entitling the holder to one-tenth of a Solaris share. As at June 30, 2021, a total of 212,832 (June 30, 2020 – 630,815) 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	356,700	35,671	$	0.10	0.48	35,671	$	0.10
$0.11 - $0.20	1,612,816	161,284		0.12	1.49	161,284		0.12
$0.21 - $0.36	158,731	15,877		0.36	0.04	15,877		0.36
	2,128,247	212,832	$	0.14	1.21	212,832	$	0.14

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

The weighted average exercise price of the Arrangement options exercisable at June 30, 2021, attributable to the issuance of a whole Solaris share was C$1.35 (June 30, 2020 – C$1.20).

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

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	3.11	325,000	3.11
November 18, 2019	0.80	900,000	3.39	450,000	3.39
November 21, 2019	0.80	241,666	3.40	66,667	3.40
January 2, 2020	0.80	350,000	3.51	175,000	3.51
March 20, 2020	0.80	100,000	3.72	50,000	3.72
May 27, 2020	0.80	2,795,333	3.91	929,000	3.91
November 2, 2020	4.90	2,300,000	4.35	–	–
March 16, 2021	7.24	300,000	4.71	–	–
	2.26	7,636,999	3.91	1,995,667	3.61

d) 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 six months ended June 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	362,798
Vesting or redemption of RSUs	(101,328)	(105,625)	(10,133)	(10,562)
Additional shares issuable for pRSU which vested based on market performance conditions	–	–	–	230,000
Balance, end of period	2,282,086	3,122,274	498,210	582,236

During the six months ended June 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 six months ended June 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 issued.

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

e) 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	(138,262)		1.99		4.96
Expired	(2,625)		4.87		12.18
Outstanding, June 30, 2021	4,284,400	$	5.82	$	14.54

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 - $3.99	153,529		2.12		5.30	December 2022 – May 2023
$4.00 - $5.99	126,706		4.52		11.31	August 2021
$6.00	4,004,165		6.00		15.00	October 2021
	4,284,400	$	5.82	$	14.54	

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

f) Share purchase warrants

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

Date of Issue	Exercise Price (C$)	Expiry Date	December 31, 2020	Exercised	Expired	June 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	(475,000)	–	7,275,000
			41,180,250	(2,480,125)	–	38,700,125

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

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

9. EXPLORATION EXPENDITURES

The Company's exploration expenditures by activity for three and six months ended June 30, 2021 and 2020 is as follows:

	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, geological consultants and support, and travel	$ 2,702	$ 488	$ 4,597	$ 1,066
Site preparation, supplies, field and general	1,365	389	2,935	863
Drilling and drilling related costs	5,082	(64)	8,043	700
Assay and analysis	302	–	888	–
Community relations, environmental and permitting	1,180	150	1,880	429
Concession fees	89	28	396	319
Studies	186	–	292	–
Reclamation provision	231	–	419	–
Amortization	100	11	138	22
	$ 11,237	1,002	$ 19,588	$ 3,399

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

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

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Ecuador	$ 10,304	$ 814	$ 18,084	$ 2,999
Chile	578	86	924	171
Mexico	21	30	62	42
Peru and other	334	72	518	187
	$ 11,237	$ 1,002	$ 19,588	$ 3,399

10. GENERAL AND ADMINISTRATIVE EXPENDITURES

	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	$ 1,294	$ 273	$ 2,425	$ 441
Salaries and benefits	453	212	873	406
Office and other	220	90	346	155
Filing and regulatory fees	68	34	205	59
Professional fees	104	105	162	182
Marketing and travel	178	4	292	101
	$ 2,317	$ 718	$ 4,303	$ 1,344

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

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:

		June 30, 2021		December 31, 2020
Mexico	$	19,761	$	19,762
Ecuador		1,597		1,050
Chile		261		261
Peru		29		12
	$	21,648	$	21,085

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

12. NON-CONTROLLING INTEREST

The Company, through it 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:

		June 30, 2021		December 31, 2020
Current assets	$	16	$	25
Non-current assets		19,741		19,741
Current liabilities		10		7

	Three months ended June 30,				Six months ended June 30,			
		2021		2020		2021		2020
Net loss	$	22	$	30	$	65	$	42
Attributable to Shareholders of the Company		13		18		39		25
Attributable to Non-controlling interest		9		12		26		17

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 $60,428 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.

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

At June 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	$ 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

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.

14. FAIR VALUE MEASUREMENTS

As at June 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.

15. 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.

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	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

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

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,		Six months ended June 30,	
	2021	2020	2021	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.

16. EARNINGS (LOSS) PER SHARE DATA

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Basic weighted average common shares outstanding	107,897,742	71,447,561	106,761,459	65,712,488
Plus net incremental shares from assumed conversions:				
Share purchase options	–	546,758	–	–
Restricted share units	–	7,311	–	–
Share purchase warrants	–	62,500	–	–
Diluted weighted average common shares outstanding	107,897,742	72,064,130	106,761,459	65,712,488

For the period where the Company records a loss, the Company calculates diluted loss per share using the basic weight average number of shares. If the diluted weighted average number of shares was used, the result would be a reduction in the loss, which would be anti-dilutive.

17. COMMITMENTS

The Company is committed to payments for office leases premises through 2024 in the total amount of approximately $704 based on the Company's current share of rent paid. Payments by fiscal year are:

2021	$ 144
2022	259
2023	157
2024	144

The Company is committed to payments related to exploration expenses and other of approximately $349 in 2021 and $120 in 2022 and $70 in 2023.