SOLARIS
RESOURCES

Solaris Resources Inc.

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2020 and 2019

(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, 2020		December 31, 2019
Assets					
Current assets					
Cash and cash equivalents		$	19,122	$	6,093
Prepaids and other			351		98
			19,473		6,191
Restricted cash	4(b)		70		70
Exploration and evaluation assets	4		20,180		20,180
Property, plant and equipment	5		183		142
Derivative asset	7		5,829		5,765
Total assets		$	45,735	$	32,348
Liabilities and Equity					
Current liabilities					
Accounts payable and accrued liabilities		$	588	$	379
Due to related parties	15		78		45
Lease liability	6		33		32
			699		456
Long-term liabilities					
Derivative liability	3(c)		–		1,510
Lease liability	6		48		65
Total liabilities			747		2,031
Shareholders’ equity					
Common shares	8		54,910		43,104
Reserves	3(c), 8		6,378		811
Deficit			(24,105)		(21,420)
Equity attributable to shareholders of the Company			37,183		22,495
Non-controlling interests	12		7,805		7,822
Total shareholders’ equity			44,988		30,317
Total liabilities and equity		$	45,735	$	32,348

Going concern (Note 2)

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 six months ended June 30, 2020 and 2019
(Unaudited – in thousands of United States dollars, except share and per share amounts)

	Note	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Exploration expenses	9	$ 1,002	$ 866	$ 3,399	$ 1,828
General and administrative expenses	10	718	394	1,344	566
Loss from operations		1,720	1,260	4,743	2,394
Change in fair value of derivatives	7	(2,638)	(39)	(2,022)	(789)
Finance income		(17)	–	(38)	–
Other (income) expense		(5)	(90)	19	(100)
Net loss (income)		$ (940)	$ 1,131	$ 2,702	$ 1,505
Other comprehensive loss (income)					
Items that may be reclassified to profit or loss:					
Foreign currency translation loss (income)		(454)	–	368	–
Total comprehensive loss (income)		$ (1,394)	$ 1,131	$ 3,070	$ 1,505
Net loss (income) attributable to:					
Shareholders of the Company		$ (952)	$ 1,126	$ 2,685	$ 1,479
Non-controlling interest	12	12	5	17	26
		$ (940)	$ 1,131	$ 2,702	$ 1,505
Total comprehensive loss (income) attributable to:					
Shareholders of the Company		$ (1,406)	$ 1,126	$ 3,053	$ 1,479
Non-controlling interest	12	12	5	17	26
		$ (1,394)	$ 1,131	$ 3,070	$ 1,505
Net loss (income) per share attributable to shareholders of the Company					
Basic		$ (0.01)	$ 0.02	$ 0.04	$ 0.04
Diluted	16	$ (0.01)	$ 0.02	$ 0.04	$ 0.04
Weighted average number of shares outstanding					
Basic		71,447,561	45,292,846	65,712,488	41,874,946
Diluted	16	72,064,130	45,292,846	65,712,488	41,874,946

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, 2020 and 2019
(Unaudited – in thousands of United States dollars)

	Note	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Cash provided by (used in):					
Operations					
Net loss (income) for the period		$ 940	$ (1,131)	$ (2,702)	$ (1,505)
Adjustments for:					
Change in fair value of derivatives	7	(2,638)	(39)	(2,022)	(789)
Finance income		(17)	(13)	(41)	(16)
Foreign exchange and other		2	(85)	23	(92)
Share-based compensation	8	273	2	441	5
Amortization	5	11	1	22	3
Net changes in non-cash working capital items:					
Prepaids and other		(154)	(96)	(253)	(44)
Accounts payable and accrued liabilities		(258)	114	209	266
Due to related parties	15	(26)	–	33	–
Finance income received		17	13	41	16
		(1,850)	(1,234)	(4,249)	(2,156)
Financing					
Private placement equity financings	8	15,427	458	15,427	3,408
Share issue costs paid		–	–	–	(27)
Proceeds from exercise of Equinox Warrants and stock options	8	1,749	–	2,068	–
Payment of lease liability	6	(9)	–	(18)	–
Advances from Equinox Gold Corp.	15	–	–	–	720
		17,167	458	17,477	4,101
Investing					
Purchases of property, plant and equipment	5	(44)	–	(63)	–
		(44)	–	(63)	–
Effect of exchange rate changes on cash and cash equivalents		260	38	(136)	25
Increase (decrease) in cash and cash equivalents		15,533	(738)	13,029	1,970
Cash and cash equivalents, beginning of period		3,589	2,949	6,093	241
Cash and cash equivalents, end of period		$ 19,122	$ 2,211	$ 19,122	$ 2,211

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 (Note 3(b))	Amount	Options, RSUs and warrants	Foreign currency translation	Total	Deficit	Non-controlling interest	Total equity
Balance, December 31, 2019		60,424,610	$ 43,104	$ 811	$ –	$ 811	$ (21,420)	$ 7,822	$ 30,317
Private placement equity financing		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	363	–	–	–	–	–	363
Share-based compensation	8	–	–	441	–	441	–	–	441
Warrants reclassified as equity on change of functional currency	3(c)	–	–	1,510	–	1,510	–	–	1,510
Net loss and comprehensive loss		–	–	–	(368)	(368)	(2,685)	(17)	(3,070)
Balance, June 30, 2020		88,377,121	$ 54,910	$ 6,746	$ (368)	$ 6,378	$ (24,105)	$ 7,805	$ 44,988
Balance, December 31, 2018		37,251,740	$ 32,704	$ 671	$ –	$ 671	$ (20,471)	$ 7,876	$ 20,780
Private placement equity financing, net of $27 in share issue costs	8	9,094,000	3,382	–	–	–	–	–	3,382
Shares issued on vesting of RSUs	8	53,371	46	(46)	–	(46)	–	–	–
Shares issued on exercise of Equinox warrants		47,059	57	–	–	–	–	–	57
Share-based compensation	8	–	–	5	–	5	–	–	5
Net loss and comprehensive loss		–	–	–	–	–	(1,479)	(26)	(1,505)
Balance, June 30, 2019		46,446,170	$ 36,189	$ 630	$ –	$ 630	$ (21,950)	$ 7,850	$ 22,719

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. Solaris’ common shares are listed on the TSX Venture Exchange and trade under the symbol “TSXV: SLS”.

The Company is engaged in the acquisition, exploration and development of mineral property interests. The Company’s assets consist primarily of the Warintza copper-molybdenum-gold exploration property (“Warintza”) in Ecuador, the 60%-owned La Verde copper exploration property (“La Verde”) in Mexico, the Ricardo copper-molybdenum exploration property (“Ricardo”) in Chile and the Tamarugo copper-molybdenum 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.

2. GOING CONCERN

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has incurred operating losses to date and has no current sources of revenue or cash inflows from operations. 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. Based on anticipated cash flows, further funds may be required to fund future obligations and exploration plans. The Company expects to continue to raise the necessary funds primarily through the issuance of common shares.

On March 11, 2020, the novel coronavirus outbreak (“COVID-19”) was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company’s business are not known at this time. These impacts could include an impact on the Company’s ability to obtain equity financing to fund additional exploration activities as well as the Company’s ability to explore and conduct business. There can be no guarantees that future equity financing will be available in which case the Company will need to reduce its planned exploration activities. These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company’s ability to continue as a going concern.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these condensed consolidated interim financial statements, adjustments would be necessary to the carrying amounts of the assets and liabilities and the statement of financial position classifications used. Such adjustments could be material.

3. 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 full annual financial statements prepared using International Financial Reporting Standards (“IFRS”). 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, 2019. The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual audited consolidated financial statements for the year ended December 31, 2019.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on August 26, 2020.

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

(b) Basis of presentation

Effective May 1, 2020, the Company completed a consolidation of its common shares at a ratio of two pre-consolidation common shares for one post-consolidation common share. As a result of the consolidation, shares issuable pursuant to the Company's outstanding options, warrants, restricted share units and other convertible securities were proportionally adjusted on the same basis. All common share numbers, numbers of shares issuable under options, warrants and restricted share units and related per share amounts in these condensed consolidated interim financial statements have been retrospectively adjusted to reflect the share consolidation.

(c) Change in functional currency

Prior to January 1, 2020, the functional currency of Solaris, the parent company, was the United States dollar ("USD"). Management considers primary and secondary indicators in determining functional currency including the currency that influences labor, purchases and other costs, and other indicators including the currency in which funds from financing are generated.

Based on these factors, management concluded that effective January 1, 2020, the parent company's functional currency should be the Canadian dollar ("CAD"). The primary factors affecting the decision was the Company entering into an arrangement with a management company (Note 15), resulting in Solaris' expenditures being denominated primarily in CAD and the Company being funded primarily from issuance of equity instruments which proceeds are in CAD. The functional currency of the Company's subsidiaries and the Company's reporting currency remains the USD.

The Company has accounted for the change in functional currency prospectively with no impact of this change on prior period comparative information. The Company has made an accounting policy choice to reassess the classification of financial instruments as liabilities or equity or vice versa as applicable when the functional currency of the Company or its subsidiaries changes. The policy will be applied consistently in the future. As a result, certain of the Company's CAD denominated warrants with a carrying value of $1,510, which previously were classified as liabilities as their exercise prices were denominated in a currency other the Company's functional currency, were reclassified to equity effective January 1, 2020.

For the purpose of preparing the condensed consolidated interim financial statements, the assets and liabilities are first expressed in the entity's respective functional currency and translated into the USD presentation currency using exchange rates prevailing at the reporting date, while the income and expense items are translated at the average exchange rates for the period. Translation differences are recognized in other comprehensive income (loss) and recorded in the "foreign currency translation reserve" included in equity.

4. EXPLORATION AND EVALUATION ASSETS

	Note		June 30, 2020		December 31, 2019
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 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 will 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

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 May 2032 and are subject to a 2% net smelter royalty held by Billiton Ecuador B.V. The Concessions can be renewed for an additional period of 25 years.

Restricted cash consists of a bank guarantee issued to the regulatory authorities for compliance in the event of an environmental impact from exploration activities on certain Warintza mining concessions.

(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, 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 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 (the "Effective Date"), Freeport is required to spend $4.2 million in exploration expenditures over the two years following the Effective Date.

- Stage 2: Upon completion of Stage 1, Freeport can elect to spend $4.8 million in the third year following the Effective Date, $8.0 million in the fourth year 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.

In October 2019, the Ricardo Option Agreement was amended to extend the Stage 1 exploration expenditure period up to fifteen additional months in the case that Freeport determines the need for additional exploration permits. In addition, the Stage 2 third, fourth and fifth year exploration periods were amended to follow the end of the Stage 1.

(d) Tamarugo

Tamarugo is a grass-roots copper porphyry target consisting of approximately 5,100 hectares strategically located in northern Chile. The Company entered into a definitive earn-in option agreement with Freeport with respect to Tamarugo in June 2019.

Pursuant to the 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 four years with $0.25 million to be spent in year one, $0.35 million in year two, $1.9 million in year three and $1.5 million in year four.

- 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.

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

- 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 500,000 common shares to a 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.

(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 property in Peru prospective for near-surface copper-molybdenum-gold mineralization. The Paco Orco project is a 4,400-hectare property in Peru prospective for lead, zinc and silver.

5. PROPERTY, PLANT AND EQUIPMENT

		Field equipment		Office equipment & furniture		Right-of-use asset		Total
Cost								
As at December 31, 2019	$	115	$	29	$	103	$	247
Additions		44		19		–		63
As at June 30, 2020	$	159	$	48	$	103	$	310
Accumulated amortization								
As at December 31, 2019	$	94	$	5	$	6	$	105
Amortization		2		3		17		22
As at June 30, 2020	$	96	$	8	$	23	$	127
Net book value								
As at December 31, 2019	$	21	$	24	$	97	$	142
As at June 30, 2020	$	63	$	40	$	80	$	183

6. LEASE LIABILITY

		June 30, 2020		December 31, 2019
Balance, start of period	$	97	$	–
Addition		–		102
Interest on lease liability recognized in net loss		2		1
Lease payments for the period		(18)		(6)
Balance, end of period	$	81	$	97
Less current portion		33		32
Long-term lease liability	$	48	$	65

During the three and six months ended June 30, 2020, the Company recognized $50 and $96 of office and other expense for two lease premises that do not meet the definition of a lease (Note 17). The Company is jointly liable for rent payments and uses the assets jointly.

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

7. DERIVATIVE ASSET

The Company determined that the obligation to issue shares on exercise of Equinox Warrants continues to meet the definition of a derivative as its value is determined in part on the share price of Equinox's common shares.

Pursuant to the Plan of Arrangement under which Equinox distributed the shares of the Company to its shareholders, as at June 30, 2020, the Company is obligated to issue 4,549,143 common shares (December 31, 2019 – 6,012,801) 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$14.18 (December 31, 2019 – C$12.00) and a weighted average contractual life of 1.30 years (December 31, 2019 – 1.58 years).

At June 30, 2020 and December 31, 2019, 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 approach to simulate future share prices of Equinox and Solaris.

The following assumptions were considered in the simulations for June 30, 2020 and December 31, 2019:

Weighted average		June 30, 2020		December 31, 2019
Risk-free rate		0.23% – 0.30%		1.69% – 1.74%
Correlation of Solaris share to Equinox share		50%		50%
Expected term (years)		1.30		1.58
Expected volatility – Equinox and Solaris[1]		60% and 100%		50% and 90%
Expected dividend		–		–
Solaris share price (C$) per whole share[2]	C$	0.80	C$	0.40
Equinox share price (C$) per whole share	C$	15.18	C$	9.99

[1] The expected volatility of Solaris is based on the historical volatility of the shares of a comparative peer group of companies.
[2] Solaris share price per whole share at December 31, 2019 are the pre-consolidation share prices used in the Monte Carlo Simulation.

During the six months ended June 30, 2020, the Company issued 1,439,186 common shares on exercise of 28,783,696 Equinox Warrants. A continuity of the derivative asset is as follows:

		June 30, 2020		December 31, 2019
Balance, start of period	$	5,765	$	1,673
Exercise of warrants		(1,705)		(14)
Change in fair value		2,022		3,968
Change related to foreign exchange		–		138
Foreign exchange on translation		(253)		–
Balance, end of period	$	5,829	$	5,765

8. SHARE CAPITAL

(a) Common shares

Authorized: Unlimited common shares, with no par value

Issued and fully paid: 88,377,121 (December 31, 2019 – 60,424,610)

(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.

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

During the six months ended June 30, 2019, the Company closed a non-brokered private placement equity financing for gross proceeds of $3,408 (C$4,547), less share issue costs of $27. A total of 9,094,000 common shares were issued at C$0.50 per share.

(c) Share purchase options

For the three and six months ended June 30, 2020, the Company recognized a share-based compensation expense related to stock options included in general and administrative expenditures of $273 and $440, respectively (June 30, 2019 – $nil).

A continuity of the shares issuable for stock options is as follows:

	Number of shares issuable
Balance, December 31, 2019	3,172,788
Granted	3,249,500
Exercised	(2,763)
Forfeited	(126,710)
Balance, June 30, 2020	6,292,815

The weighted average exercise price per share issuable of options granted and forfeited in the six months ended June 31, 2020 was C$0.80 and C$0.99, respectively. No options were granted or forfeited in the six months ended June 30, 2019.

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

Weighted average		2020
Exercise price per share issuable	C$	0.80
Expected term (years)		5.00
Volatility[1]		89%
Expected dividend yield		–
Risk-free interest rate		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 Plan of 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, 2020, a total of 6,308,023 (December 31, 2019 – 6,602,985) Arrangement options are outstanding with each option entitling the holder to one-tenth of a Solaris share. As at June 30, 2020, a total of 630,815 (December 31, 2019 – 660,298) shares are issuable by Solaris upon exercise of the Arrangement options.

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

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$)
$0.01 - $0.10	2,948,728	294,877	$	0.06	0.87	294,497	$	0.06
$0.11 - $0.20	2,534,954	253,498		0.12	2.35	253,485		0.12
$0.21 - $1.04	824,341	82,440		0.33	0.98	82,427		0.33
	6,308,023	630,815	$	0.12	1.48	630,409	$	0.12

[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, 2020, attributable to the issuance of a whole Solaris share was C$1.20 (December 31, 2019 – 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	1,250,000	2.88	500,000	1.04
November 18, 2019		0.80	900,000	4.39	–	–
November 21, 2019		0.80	262,500	4.40	–	–
January 2, 2020		0.80	350,000	4.51	–	–
March 20, 2020		0.80	100,000	4.72	–	–
May 27, 2020		0.80	2,799,500	4.91	–	–
	$	0.73	5,662,000	4.33	500,000	1.04

(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.

	RSUs and pRSUs outstanding	Shares issuable
Balance, December 31, 2019	3,227,899	362,798
Vested and issued for shares	(105,625)	(10,562)
Additional shares issuable for pRSU which vested based on market performance conditions	–	230,000
Balance, June 30, 2020	3,122,274	582,236

Total net share-based compensation expense with respect to RSUs for the three and six months ended June 30, 2020 was expense of $1 (June 30, 2019 – expense of $2 and $5, respectively). 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.

(e) Shares issuable for Equinox Warrants

Pursuant to the Arrangement, upon exercise of Equinox Warrants, warrant holders will receive one-quarter of a Solaris share for each common share of Equinox. Equinox will pay to Solaris an amount equal to one-tenth of the proceeds received by Equinox on exercise of the warrants.

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

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, 2018	6,097,720	$	4.80	$	12.00
Exercised	(47,059)		2.02		5.05
Expired	(37,859)		5.83		14.58
Outstanding, December 31, 2019	6,012,802	$	4.80	$	12.00
Exercised	(1,439,186)		2.02		5.05
Expired	(24,473)		8.33		20.83
Outstanding, June 30, 2020	4,549,143	$	5.67	$	14.18

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
$1.47 - $1.99	79,364	$	1.47	$	3.67	May 2021
$2.00 - $3.99	232,638		2.28		5.69	March 2021 – May 2023
$4.00 - $5.99	204,313		4.62		11.54	December 2020 – August 2021
$6.00 - $7.99	4,023,346		6.00		15.00	October 2021
$8.00 - $8.33	9,482		8.33		20.83	July 2020
	4,549,143	$	5.67	$	14.18	

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

(f) Share purchase warrants

The following is a summary of the Company's warrants at June 30, 2020:

Date of Issue	Exercise Price (C$)	Expiry Date	December 31, 2019	Issued	June 30, 2020
July 8, 2019	$0.70	July 8, 2022	500,000	–	500,000
November 8, 2019	$1.20	November 8, 2022	3,530,250	–	3,530,250
November 15, 2019	$1.20	November 15, 2022	1,718,750	–	1,718,750
December 24, 2019	$1.20	December 24, 2022	1,726,000	–	1,726,000
May 28, 2020	$1.20	May 28, 2023	–	25,000,000	25,000,000
June 10, 2020	$1.20	June 10, 2023	–	1,500,000	1,500,000
			7,475,000	26,500,000	33,975,000

The weighted average exercise price of the warrants outstanding at June 30, 2020 is C$1.19 (December 31, 2019 – C$1.17).

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

9. EXPLORATION EXPENDITURES

The Company's exploration expenditures by activity for three months ended June 30, 2020 and 2019 is as follows:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Salaries, geological consulting and travel	$ 488	$ 309	$ 1,066	$ 567
Field, site maintenance and general	389	501	863	887
Drilling and drilling related costs	(64)	–	700	–
Community relations, environmental and permitting	150	55	429	107
Concession fees	28	–	319	264
Amortization	11	1	22	3
	$ 1,002	866	$ 3,399	$ 1,828

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

	Note	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Warintza (Ecuador)	4(b)	$ 814	$ 714	$ 2,999	$ 1,401
Ricardo (Chile)	4(c)	51	23	107	44
Tamarugo (Chile)	4(d)	35	–	64	–
La Verde (Mexico)	4(a)	30	13	42	65
Other (Peru, Guatemala)	4(e)	72	116	187	318
		$ 1,002	$ 866	$ 3,399	$ 1,828

10. GENERAL AND ADMINISTRATIVE EXPENDITURES

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Share-based compensation	$ 273	$ 2	$ 441	$ 5
Salaries and benefits	212	–	406	–
Office and other	124	197	214	269
Professional fees	105	151	182	196
Marketing and travel	4	44	101	96
	$ 718	$ 394	$ 1,344	$ 566

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, 2020	December 31, 2019
Mexico	$ 19,765	$ 19,765
Canada	5,829	5,765
Ecuador	407	366
Chile	261	261
	$ 26,262	$ 26,157

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

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

12. NON-CONTROLLING INTEREST

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

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

		June 30, 2020		December 31, 2019
Current assets	$	5	$	5
Non-current assets		19,765		19,765
Current liabilities		34		10

	Three months ended June 30,				Six months ended June 30,			
		2020		2019		2020		2019
Net loss	$	30	$	13	$	42	$	65
Attributable to Shareholders of the Company		18		8		25		39
Attributable to Non-controlling interest		12		5		17		26

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.

Foreign currency risk

The Company is exposed to currency risk on transactions and balances in currencies other than the functional currency. At June 30, 2020 and December 31, 2019, the Company had not entered into any contracts to manage foreign exchange risk.

Prior to January 1, 2020, the functional currency of the parent company was the US dollar; therefore, the Company was exposed to currency risk from financial assets and liabilities denominated in Canadian dollars. Effective January 1, 2020, management has determined that the functional currency of the parent company is Canadian dollars; therefore, the Company is exposed to currency risk from the asset 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, 2020, the Company’s derivative assets are measured at fair value using Level 2 inputs. The carrying values of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate fair value due to their short terms to maturity. The fair value of amounts due to related parties are difficult to determine as they are primarily amounts owed to a significant shareholder and other related parties.

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 President and Chief Executive Officer, Chief Financial Officer, Senior Vice President Corporate Affairs and Corporate Secretary and Directors.

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

Key management compensation for the three and six months ended June 30, 2020 and 2019 comprised:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Share-based compensation	$ 162	$ –	$ 269	$ –
Salaries and benefits	92	–	187	–
	$ 254	$ –	$ 456	$ –

Related party transactions

As at June 30, 2020, Equinox holds 29% (December 31, 2019 – 30%) of the outstanding shares of the Company. During the six months ended June 30, 2019, the Company received $720 in funding from Equinox.

As at June 30, 2020, $53 (December 31, 2019 – $45) of the balance due to related parties is payable to Equinox for salaries and benefits expenses. These amounts are non-interest bearing and unsecured.

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, 2020 was approximately $165, 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, 2020.

	Three months ended June 30, 2020	Six months ended June 30, 2020
Salaries and benefits	$ 159	$ 307
Office and other	63	120
Marketing and travel	4	10
	$ 226	$ 437

At June 30, 2020, due to related parties includes $25 (December 31, 2019 – $nil) with respect to these arrangements.

16. EARNINGS (LOSS) PER SHARE DATA

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Basic weighted average common shares outstanding	71,447,561	45,292,846	65,712,488	41,874,946
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	72,064,130	45,292,846	65,712,488	41,874,946

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 2022 in the total amount of approximately $348. Payments by fiscal year are:

2020	$	98
2021		186
2022		64