Solaris Resources Inc.

Management's Discussion and Analysis

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

INTRODUCTION

This management's discussion and analysis ("MD&A") of Solaris Resources Inc. (the "*Company*", "*Solaris*", "*we*", "*us*", or "*our*") covers the three and six months ended June 30, 2020. This MD&A takes into account information available up to and including August 26, 2020. This MD&A should be read in conjunction with the accompanying condensed consolidated interim financial statements and notes for the three and six months ended June 30, 2020, and for the year ended December 31, 2019, which are available on the Company's website www.solarisresources.com and on the SEDAR website at www.sedar.com.

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

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

Solaris was incorporated under the Business Corporations Act of British Columbia on June 18, 2018 as a wholly owned subsidiary of Equinox Gold Corp. ("Equinox"). Equinox subsequently distributed 60% of the outstanding shares of the Company to its shareholders pursuant to a Plan of Arrangement. Equinox owned 29% of the Company at June 30, 2020.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain information contained in this document constitutes forward-looking statements. All statements, other than statements of historical facts, are forward looking statements, including but not limited to statements with respect to future plans and objectives of Solaris, potential mineralization, exploration results, the availability of financial resources, capital, operating and cash flow estimates, intentions for its Warintza Project in Ecuador and statements under 'Outlook' later in this MD&A. Forward-looking statements are often, but not always, identified by the use of words such as *may*, *will*, *seek*, *anticipate*, *believe*, *plan*, *estimate*, *budget*, *schedule*, *forecast*, *project*, *expect, intend*, or similar expressions.

The forward-looking statements are based on a number of assumptions which, while considered reasonable by the Company, are subject to risks and uncertainties. The Company cautions readers that forward-looking statements involve and are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from those expressed in or implied by such forward-looking statements and forward-looking statements are not guarantees of future results, performance or achievement. These risks, uncertainties and factors include the ability to raise funding to continue exploration, development and mining activities; global economic conditions; negative operating cash flow; uncertainty of future revenues or of a return on investment; no defined reserves with no mineral properties in production or under development; speculative nature of mineral exploration and development; risk of global outbreaks and contagious diseases; risks from international operations; risk associated with an emerging and developing market; relationships with, and claims by, local communities and indigenous groups; permitting risk; land title risk; fraud and corruption; ethics and business practices; Solaris may in the future become subject to legal proceedings; Solaris' mineral assets are located outside Canada and are held indirectly through foreign affiliates; commodity price risk; exchange rate fluctuations; joint ventures; property commitments; infrastructure; properties located in remote areas; lack of availability of resources; key management; dependence on highly skilled personnel; competition, significant shareholders; conflicts of interests; uninsurable risks; information systems; share price fluctuation; and public company obligations.

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

Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources, are contained in the Company's most recently filed technical reports.

DESCRIPTION OF BUSINESS

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

Solaris's common shares are listed on the TSX Venture Exchange and trade under the symbol "TSXV: SLS".

HIGHLIGHTS AND ACTIVITIES

The second quarter of 2020 proved to be a transformational period as the Company significantly increased its cash position to approximately C$25 million through the support from its strategic shareholders and advanced the listing of its common shares which subsequently commenced trading on the TSX Venture Exchange. In addition, the Company proceeded to safely resume exploration activities at Warintza, after activities were suspended in mid-March 2020 in response to the extensive global health risks resulting from the COVID-19 pandemic ("COVID-19"). The following activities and developments were achieved throughout the quarter:

- 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.

- The Company regretfully announced that J. David Lowell, a consultant and strategic partner of the Company, passed away at his home in Tucson, Arizona, in early May 2020 at the age of 92. Mr. Lowell was a legendary mine finder having discovered 17 major minerals deposits over a 50-year career. The Company's flagship project, Warintza, was a discovery Mr. Lowell made while exploring in southeast Ecuador in the early 2000s, and the pipeline of the Company's grassroots exploration projects were his targets for future discoveries. It is the Company's intention to test Mr. Lowell's targets for potential future discoveries and to pursue the programs that Mr. Lowell designed for the Company to generate new targets in line with his vision for the future of discovery in the Americas. These efforts will be led by his protégé, Mr. Jorge Fierro, the Company's Vice President, Exploration.

- In May and June 2020, the Company closed non-brokered private placements totaling 26,500,000 units at C$0.80 per share for gross proceeds of C$21.2 million. 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 proceeds will be used to advance exploration efforts at the Company's properties, including a comprehensive geophysical survey and expanded drilling program at Warintza, and for general and working capital purposes.

Subsequent to the quarter-end, the following activities and developments were achieved:

- The Company's common shares commenced trading on the TSX Venture Exchange under the symbol "TSXV: SLS".

- Solaris reported assay results for the first hole from the ongoing 40,000 metre (m) diamond drill program at Warintza which returned a consistent, high grade interval starting from surface of 567m of 0.80% Cu, 0.04% Mo, and 0.1 g/t Au (1.00% CuEq)[1] and terminated in a barren dyke.

- Solaris announced a ramp up in exploration activities including the arrival of a second drill rig at Warintza, with a third drill rig due to arrive in September, and the commencement of an advanced airborne geophysical survey covering the Company's entire Warintza and area land package totaling 268 square kilometres.

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

Outlook

With the resumption of exploration activities in the second quarter, drilling at Warintza recommenced and is expected to ramp-up over the course of the year. Historically, only the Warintza Central discovery outcrop has been tested by drilling, with less than 7,000m of shallow drilling averaging less than 200m per hole. The Company drilled two holes in the first quarter totalling 1,546m at Warintza. This is the first drill program made possible in nearly 20 years at Warintza and aims to expand the lateral footprint and depth extent of the high-grade Warintza Central zone, discovered by the late David Lowell in 2000. The first hole returned a consistent, high grade interval starting from surface of 567m of 0.80% Cu, 0.04% Mo, and 0.1 g/t Au (1.00% CuEq)[2] and terminated in a barren dyke. Geological interpretation places this interval in the 'outer halo' of the porphyry system, with the higher-grade core to be vectored toward with additional drilling. The second hole is in the process of being assayed and the Company expects to release results in early September 2020. A second drill rig arrived at Warintza in mid-August 2020 with the aim to aggressively expand the lateral footprint and depth extent of Warintza Central. A third drill rig with greater depth capacity is expected to arrive at site in September 2020 with follow up drill results expected in the third quarter. Step-out and deeper drilling at Warintza Central have the potential to rapidly expand the existing resource.

Solaris commenced an advanced airborne geophysical survey covering the Company's entire Warintza and area land package totaling 268 square kilometres with results expected to be released in September 2020. The geophysical survey aims to refine targeting within the 5 km-long Warintza porphyry trend, including the interpreted high-grade core at Warintza Central and additional porphyry centers. A secondary objective of the geophysical survey is to define targets within a series of three multi-km gold-in-soil anomalies generated by sampling northeast of Warintza last year. This is the first detailed geophysical survey in the history of the property and is designed to aid in vectoring toward the interpreted high-grade core of Warintza Central and additional porphyry centers on the Warintza trend.

In addition to Warintza, the Company has plans to continue exploration at Tamarugo, where it has an option to earn up to a 75% interest from Freeport-McMoran. Tamarugo is a 5,100-hectare porphyry copper prospect in northern Chile, strategically located in the same geological area that hosts Chile's largest porphyry copper deposits, including the Chuquicamata and La Escondida mines. Tamarugo is located approximately 85 km northeast of Copiapo and within the same geological and structural setting as Codelco's El Salvador Copper Mine.

Warintza

Warintza is a porphyry copper-molybdenum-gold project located in south eastern Ecuador in the province of Morona Santiago, Canton Limon Indanza. The property includes eight metallic mineral concessions covering 268 km^2. Three concessions with an area of 10 km^2 are permitted for exploration activities including drilling and path construction. There are four new concessions contiguous with the original concession and one concession to the northwest. Billiton Ecuador B.V. holds a 2% net smelter royalty on the original three concessions. Concessions have a term of 25 years and can be renewed for additional periods of 25 years if applications for renewal are submitted before the expiration of the concessions.

Warintza is located within a Jurassic-aged volcanic belt that hosts numerous exploration and development projects and two operating mines, including the San Carlos-Panantza copper project adjoining Warintza to the east, the Mirador copper-gold mine (owned by CRCC-Tongguan) and the Fruta del Norte gold mine (owned by Lundin Gold) to the south.

Warintza was discovered in 2000 by David Lowell, but sat largely dormant since 2001 due to a breakdown in social relations with local communities as well as a lack of foreign mining investment in the country of Ecuador. Solaris was able to resolve all underlying issues in mid-2019 and instituted a robust and innovative CSR program solidifying its strong relationship with local communities and restoring social acceptance of the project after nearly a two-decade hiatus. This precipitated a series of strategic corporate developments to support advancement of Warintza.

The current Mineral Resource estimate of 124 Million tonnes of Inferred Resources grading 0.56% Cu, 0.03% Mo and 0.1 g/t Au is entirely open at depth and laterally in every direction. This resource is set within a 5 km-long trend of mineralization, featuring outcropping +1% copper in numerous locations.

The Company resumed its exploration program in the second quarter after the suspension of exploration activities in mid-March 2020 due to COVID-19 restrictions. During the quarter, Solaris continued to work with the applicable regulatory officials in Ecuador and the Shuar Indigenous Community to proceed with further exploration and development of the project, while working

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

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

to ensure the health and safety of our employees, contractors and the community. The Company currently has two active drill rigs on site and recently commenced an advanced airborne geophysical survey covering the Company's entire Warintza and area land package totaling 268 square kilometres aimed at refining targets within the 5 km-long Warintza porphyry trend, including the interpreted high-grade core at Warintza Central and additional porphyry centers. (see section entitled *Warintza Drilling*).

Warintza Resource Estimate

Classification	Zone	Cu Cut-off	Tonnage	Cu	Cu	Mo	Mo	Au	Au
		%	(T)	(%)	(Mlbs)	(%)	(Mlbs)	(g/t)	(oz)
Inferred	Leached - Open Pit	0.2	1,970,300	0.24	11	0.027	1.2	0.07	4,500
	Enriched - Open Pit	0.2	64,100,800	0.62	870	0.029	40.7	0.06	119,700
	Primary - Open pit	0.2	57,689,100	0.50	636	0.028	35.7	0.06	114,400
Inferred	Total - Open Pit	0.2	123,760,200	0.56	1,516	0.028	77.5	0.06	238,600

[1]Mineral Resources are reported using a cut-off grade of 0.2% copper.
[2]The Open Pit Mineral Resource is constrained using an optimized pit that has been generated using Lerchs –Grossman pit optimisation algorithm with parameters. The resulting pit produces a strip ratio of 0.71 to 1.
[3]The Warintza Central Mineral Resource statement has been prepared by Trevor Rabb, PGeo who is a qualified person as defined by NI 43-101.
[4]Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. The Warintza Mineral Resource statement has been prepared in accordance with NI 43-101 Standards of Disclosure for Mineral Projects (May 2016) and the CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014).

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

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

Warintza Drilling

The Company released assay results from the first hole from the ongoing 40,000m diamond drill program at Warintza. The hole was collared within the footprint of Warintza Central, but greatly extends mineralization to depth before terminating in a barren dyke.

Highlights from the recent drilling are listed below and summarized in Table 1 and 2.

Highlights

- The first hole, SLS-01, returned a consistent, high grade interval starting from surface of 567m of 0.80% Cu, 0.04% Mo, and 0.1 g/t Au (1.00% CuEq)[3] and terminated in a barren dyke (true width cannot be determined with the data and information currently available)
- SLS-01 greatly extends mineralization to depth and improves upon the grade of Warintza Central in which historical drilling averaged less than 200m depth
- Geological interpretation places this interval in the 'outer halo' of the porphyry system, with the higher-grade core to be vectored toward with additional drilling

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

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

Table 1

Drill Hole	From (m)	To (m)	Interval (m)	Cu (%)	Mo (%)	Au (g/t)	CuEq(1) (%)
SLS-01	1	568	567	0.80	0.04	0.1	1.00
Including	48	492	446	0.88	0.04	0.1	1.09
Grades are uncut and true widths have not been determined.							

Table 2

Drill Hole	Datum	Easting	Northing	Elevation (m)	Depth (m)	Azimuth (degrees)	Dip (degrees)
SLS-01	WGS84 17S	799765	9648033	1571	805	351	-80

Subsequent to quarter end, the Company announced the arrival of a second drill rig at Warintza, with a third drill rig due to arrive in September, and commenced an advanced airborne geophysical survey covering the Company's entire Warintza and area land package totaling 268 square kilometres.

<u>Highlights</u>

- The geophysical survey aims to refine targeting within the 5 km-long Warintza porphyry trend, including the interpreted high-grade core at Warintza Central and additional porphyry centers
- A secondary objective of the geophysical survey is to define targets within a series of three multi-km gold-in-soil anomalies generated by sampling northeast of Warintza last year
- This is the first detailed geophysical survey to be conducted in the history of the property, with results expected to be released in September

Solaris contracted Geotech Ltd. to complete the advanced ZTEM survey, which is designed to provide precise electromagnetic measurements to great depths. The survey employs the latest technology specifically designed to map large porphyry hosted and structurally controlled targets to theoretical depths exceeding 2,000m.

La Verde

La Verde is situated in the Sierra Madre del Sur west of Mexico City in Michoacán State, Mexico and consists of the Unificación Santa Maria claim. The project is accessible year-round by paved roads and is strategically located next to key infrastructure with easy access to water, power and rail. The project is held 60% by the Company and 40% by 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.

AMC Mining Consultants (Canada) Ltd. completed a Preliminary Economic Assessment ("PEA") for the La Verde Project in June 2018. Using metal prices of US$2.70/lb copper, US$1,200/oz gold and US$25/oz silver, the PEA contemplates a conventional truck and shovel open pit mine with a 19-year mine life producing 7.2 million tonnes of concentrate grading 26.7% copper with pre-tax Internal Rate of Return of 21.2% and pre-tax Net Present Value of $617 million using an 8% discount rate.

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

La Verde Resource Estimate

Resource	Tonnes	Cu%	Ag (g/t)	Au (g/t)	As (%)
Measured	57,527,000	0.45	2.94	0.05	0.03
Indicated	350,442,000	0.40	2.33	0.03	0.04
Total M&I	**407,969,000**	**0.41**	**2.42**	**0.03**	**0.04**
Inferred	337,838,000	0.37	1.94	0.02	0.03

[1]*The La Verde Mineral Resource estimate with an effective date of September 19, 2012, was reported in the amended "Technical Report, La Verde Copper Project, Michoacán State, Mexico" prepared by AMC Mining Consultants (Canada) Ltd. with an effective date of June 20, 2018 The resource is reported using a base-case cut-off grade of 0.2% copper. The cut-off grade of 0.2% copper is based on experience for similar open-pit projects and a mining conceptual study which used a metal price of $2.50/lb copper and copper metal recovery of 92%. This Resource estimate is not constrained by a pit shell. The report is available on the Company's website at www.solarisresources.com and on the SEDAR website at www.sedar.com.*

Ricardo

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

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

A summary of the key terms of the Ricardo Option Agreement is 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.

Tamarugo

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

Pursuant to the Option Agreement, the Company can earn up to a 75% interest in Tamarugo for gross expenditures of $5.5 million plus the delivery of a pre-feasibility study for a mine at Tamarugo, subject to a back-in right in favour of Freeport.

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

A summary of the key terms is 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.

- 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.

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. Solaris is focused on obtaining surface access agreements with local landholders and communities for the purposes of permitting exploration programs at both Capricho and Paco Orco.

CORPORATE ACTIVITIES

Private placements

The Company continues to be financially supported by its leadership team and strategic partners. Throughout the quarter, the Company was able to successfully complete private placements raising gross proceeds of C$21.2 million in order to advance exploration efforts at the Company's properties, including a comprehensive geophysical survey and expanded drill program at Warintza, and for general and working capital purposes. See "Highlights and Activities" section in this MD&A for details of private placements.

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

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

	2020 Q2	2020 Q1	2019 Q4	2019 Q3
Exploration expenses	$ 1,002	$ 2,397	$ 1,188	$ 914
General and administration	718	626	612	324
Change in fair value of derivatives	(2,638)	616	(2,457)	(757)
Net loss (income)	(940)	3,642	(1,036)	534
Comprehensive loss (income)	(1,394)	4,464	(1,036)	534
Net loss (income) attributable to Solaris shareholders	(952)	3,637	(1,040)	510
Net loss (income) per share – basic and diluted	$ (0.01)	$ 0.06	$ (0.02)	$ 0.01

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

		2019 Q2		2019 Q1		2018 Q4		2018 Q3
Exploration expenses	$	866	$	962	$	516	$	502
General and administration		394		172		326		97
Change in fair value of derivatives		(39)		(750)		(847)		(77)
Net loss and comprehensive loss		1,131		374		25		488
Net loss attributable to Solaris shareholders		1,126		353		26		460
Net loss per share – basic and diluted	$	0.02	$	0.01	$	0.00	$	0.01

The Company has not generated any income to date other than interest income and the gain on change in fair value of derivatives. The increase in exploration expenditures in the first quarter of 2020 was primarily due to drilling and drilling related costs with respect to the two holes drilled at Warintza. The increase in exploration expenditures in the last quarter of 2019 was primarily due to an increase in costs associated with the advancement of Warintza in preparation for drilling, as well as an increased focus on community social relations initiatives, notably the government pilot project. The increase in the general administrative costs in the last quarter of 2019 was due to the increased cost of operating Solaris as a standalone entity, and additions to the leadership team to support the Company's strategy to broaden exploration efforts. The Q1 2020 change in fair value of derivatives, a non-cash cost, was the mark-to-market loss on the derivative asset related to the Company's obligation to issue shares on exercise of Equinox Warrants. In Q2 2020 and Q4 2019, as well as the preceding five quarters, the Company recognized a mark-to-market gain on the derivative asset. Comprehensive loss in Q1 2020 increased due to the translation of the parent company's Canadian dollar financial statements into US dollars for presentation purposes resulting in a foreign currency translation loss of $822. The loss primarily arises as a result of the impact of the weakening Canadian dollar since the last reporting period on the Company's net assets denominated in Canadian dollars.

Exploration expenses

The following tables summarize exploration expenses by activity and jurisdiction.

For three months ended June 30, 2020:

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

For three months ended June 30, 2019:

		Ecuador		Mexico		Chile		Other		Total
Salaries, geological consulting and travel	$	220	$	–	$	10	$	79	$	309
Community relations, environmental and permitting		55		–		–		–		55
Concession fees		–		–		–		–		–
Field, site maintenance and general		439		13		13		36		501
Amortization		–		–		–		1		1
	$	714	$	13	$	23	$	116	$	866

The increase in exploration expenses to $1,002 for the three months ended June 30, 2020 from $866 for the three months ended June 30, 2019 was primarily related to the increase in Warintza exploration activities. Salaries, geological consulting and travel increased with the advancement of Warintza, and also reflects the payroll costs of local community members hired to support Warintza site activities. Community relations, environmental and permitting costs increased as the Company continued to focus on community social relations initiatives. The increase in exploration expenditures in Chile reflects concessions fees and preparatory work with respect to Tamarugo, which was optioned by the Company in June 2019.

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

For six months ended June 30, 2020:

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

For six months ended June 30, 2019:

	Ecuador	Mexico	Chile	Other	Total
Salaries, geological consulting and travel	$ 374	$ -	$ 30	$ 163	$ 567
Community relations, environmental and permitting	107	-	-	-	107
Concession fees	264	-	-	-	264
Field, site maintenance and general	655	65	14	153	887
Amortization	1	-	-	2	3
	$ 1,401	$ 65	$ 44	$ 318	$ 1,828

The increase in exploration expenses to $3,399 for the six months ended June 30, 2020 from $1,828 for the six months ended June 30, 2019 was primarily related to the drilling related costs for 1,546 metres drilled at Warintza in the first quarter of 2020. The increase in salaries, geological consulting and travel reflects the increase in the number of employees and consultants, including local community members hired to support Warintza site activities. Community relations, environmental and permitting costs increased as the Company continues to work with the applicable regulatory officials in Ecuador and the Shuar Indigenous Community to proceed with further exploration and development of Warintza.

LOSS FROM OPERATIONS

Quarter Ended June 30, 2020 Compared to the Quarter Ended June 30, 2019

The Company incurred exploration expense of $1,002 for the three months ended June 30, 2020 (June 30, 2019 – $866). The increase is mainly attributable to the resumption of exploration activities in the second quarter of 2020 in preparation for drilling at Warintza to recommence.

The Company incurred general and administration expenses of $718 for the three months ended June 30, 2020 (June 30, 2019 – $394). The increase in salaries and benefits expense is commensurate to the increase in operating and corporate activities of the Company in the three months ended June 30, 2020. Included in the general and administrative expenses is share-based compensation, a non-cash cost, of $273 for the three months ended June 30, 2020 (June 30, 2019 – $2). The increase reflects the new stock option grants in Q2 2020.

The change in fair value of derivatives of $2,638 for the three months ended June 30, 2020 compares to a change of $39 for the three months ended June 30, 2019, a non-cash cost, due to the mark-to-market gain on the derivative asset related to the Company's obligation to issue shares on exercise of Equinox Warrants.

Six Months Ended June 30, 2020 Compared to the Six Months Ended June 30, 2019

The Company incurred exploration expense of $3,399 for the six months ended June 30, 2020 (June 30, 2019 – $1,828). The most significant increase was for the drilling and drilling related costs at Warintza incurred in the first quarter of 2020.

The Company incurred general and administration expenses of $1,344 for the six months ended June 30, 2020 (June 30, 2019 – $566). The increase in salaries and benefits is commensurate to the increase in operating and corporate activities of the Company in the six months ended June 30, 2020. Included in the general and administrative expenses is share-based compensation, a non-cash cost, of $441 for the six months ended June 30, 2020 (June 30, 2019 – $5). The increase reflects the stock options granted to employees and directors during the six months ended June 30, 2020, as well as the stock options granted to employees in Q4 2019.

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

The change in fair value of derivatives of $2,022 for the six months ended June 30, 2020 compares to a change of $789 for the six months ended June 30, 2019, a non-cash cost, due to the mark-to-market gain on the derivative asset related to the Company's obligation to issue shares on exercise of Equinox Warrants.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

		June 30, 2020		December 31, 2019
Cash and cash equivalents	$	19,122	$	6,093
Prepaids and other		351		98
Accounts payable and accrued liabilities		588		379
Due to related parties		78		45
Lease liability		33		32
Total current assets		19,473		6,191
Total current liabilities	$	699	$	456

At June 30, 2020, the Company had cash and cash equivalent of $19,122 compared to $6,093 at December 31, 2019.

Cash used in operating activities during the three and six months ended June 30, 2020 was $1,850 and $4,249, respectively (June 30, 2019 – $1,234 and $2,156, respectively). The increased use of cash during the three months ended June 30, 2020 compared to the three months ended June 30, 2019 is primarily attributable to the increase in general and administrative expenses, previously discussed as well as an increase in exploration expenses with the resumption of exploration activities at Warintza in the second quarter of 2020. The increased use of cash during the six months ended June 30, 2020 compared to the same period of 2019 was mostly the impact of drilling activities at Warintza in the first quarter of 2020, as well as the increase in general and administrative expenses. Cash used in operating activities was also impacted by the timing of receipts and payments from non-cash working capital items, primarily accounts payable and accrued liabilities.

Cash inflow from financing activities during the three and six months ended June 30, 2020 was $17,167 and $17,477, respectively (June 30, 2019 – $458 and $4,101, respectively). The cash inflow for financing activities during the three and six months ended June 30, 2020 includes $15,427 in proceeds from the non-brokered private placements (previously discussed in "Corporate Activities"). In addition, during the three and six months ended June 30, 2020, the Company received $1,747 and $2,068, respectively from the exercise of Equinox Warrants and stock options. During the three months ended June 30, 2020, the Company completed a non-brokered private placement financing of 1,226,000 common shares at a price of C$0.50 per share for proceeds of $458 (C$613). During the six months ended June 30, 2019, the Company completed non-brokered private placement financings of 9,094,000 common shares at a price of C$0.50 per share for proceeds of $3,408 (C$4,547) and received $720 in funding from Equinox.

Cash outflow from investing activities during the three and six months ended June 30, 2020 relate to the purchase of property, plant and equipment at Warintza.

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, 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.

The accompanied 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.

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

COMMITMENTS AND CONTINGENCIES

At June 30, 2020, the Company had contractual cash flow commitments as follows (see "Related Party Transactions" for the Company's obligation for future rental payments subsequent to the period end):

	< 1 Year	1-3 Years	3-5 Years	> 5 Years	Total
Accounts payable and accrued liabilities	$ 588	$ –	$ –	$ –	$ 588
Due to related parties	78	–	–	–	78
Lease liabilities	33	48	–	–	81
Office lease obligations	196	152	–	–	348
	$ 895	$ 200	$ –	$ –	$ 1,095

SHARE CAPITAL INFORMATION

As at August 26, 2020, the Company had the following securities issued and outstanding:

- 88,601,792 common shares
- 6,187,290 shares issuable pursuant to exercise of stock options[1]
- 569,491 shares issuable pursuant to vesting of restricted share units[2]
- 4,495,235 shares issuable pursuant to exercise of Equinox Warrants
- 33,907,500 shares issuable pursuant to exercise of Solaris warrants

[1] There are 6,252,773 Arrangement options outstanding exercisable into 625,290 Solaris shares and 5,562,000 Solaris options outstanding exercisable into 5,562,000 Solaris shares
[2] These have vested and issuance of the related Solaris Shares have been deferred by the holder.

PROPOSED TRANSACTIONS

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

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and comprises the Company's 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, 2020 and 2019 comprised:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	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.

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

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.

SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

In preparing the accompanied condensed consolidated interim financial statements in conformity with IFRS, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ. All estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgements and estimates in applying accounting policies that have the most significant effect on amounts recognized in the consolidated financial statements are the same as those described in the consolidated annual financial statements for the year ended December 31, 2019.

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.

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

Capital management

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

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

		June 30, 2020		December 31, 2019
Equity attributable to Shareholders of the Company	$	37,183	$	22,495
Cash and cash equivalents		(19,122)		(6,093)
	$	18,061	$	16,402

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

RISKS AND UNCERTAINTIES

The Company is exposed in varying degrees to a variety of financial instrument related risks outlined in the Company's 2019 annual MD&A dated April 24, 2020 which is available on SEDAR.

Solaris' business activities are subject to significant risks, including, but not limited to, those described in previous disclosure documents. Any of these risks could have a material adverse effect on Solaris, its business and prospects, and could cause actual events to differ materially from forward looking statements related to Solaris. These risks are discussed in technical reports and other documents filed by the Company on SEDAR.

In addition to the risks outlined in the Company's 2019 annual MD&A, the Company is exposed to the following risks.

Share price fluctuation

Securities markets have experienced a high degree of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations which have not necessarily been related to their operating performance, underlying asset values or prospects. Additionally, companies like Solaris often experience periods where their shares are thinly traded. There can be no assurance that these kinds of share price fluctuations or lack of liquidity will not occur in the future, and if they do occur, Solaris does not know how severe the impact may be on its ability to raise additional funds through equity issues. If Solaris is unable to obtain such additional financing, any investment in Solaris may be materially diminished in value or lost.

Public company obligations

Solaris is subject to evolving corporate governance and public disclosure regulations that have increased both Solaris' compliance costs and the risk of non-compliance, which could adversely impact Solaris' share price.

Solaris is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSX-V, and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements. For example, the Canadian government proclaimed into force the Extractive Sector Transparency Measures Act on June 1, 2015, which mandates the public disclosure of payments made by mining companies to all levels of domestic and foreign governments starting in 2017 for the year ended December 31, 2016. Solaris' efforts to comply with such legislation could result in increased general and administration expenses and a diversion of management time and attention from operating activities to compliance activities.

LIMITATIONS OF CONTROLS AND PROCEDURES

Management has implemented disclosure control and procedures and internal controls over financial reporting intended to allow for the appropriate fair presentation of financial and other information that the Company is required to disclose. Any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, the Company's management cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. The Company's officers are not required to certify the design and evaluation of the Company's disclosure controls and procedures and internal controls over financial reporting and have not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis disclosure controls and procedures and internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

ASSAYS AND QUALITY ASSURANCE/QUALITY CONTROL

Sample assay results have been independently monitored through a quality control/quality assurance ("QA/QC") program that includes the insertion of blind certified reference materials (standards), blanks and field duplicate samples. Logging and sampling are completed at a secured Company facility located in Quito, Ecuador. Drill core is cut in half on site and samples are securely transported to ALS Labs in Quito. Sample pulps are sent to ALS Labs in Lima, Peru and Vancouver, Canada for analysis. Total copper and molybdenum contents are determined by four-acid digestion with AAS finish. Gold is determined by fire assay of a 30-gram charge. ALS Labs is independent from Solaris. In addition, selected pulp check samples are sent to Bureau Veritas lab in Lima, Peru. Solaris is not aware of any drilling, sampling, recovery or other factors that could materially affect the accuracy or reliability of the data referred to herein.

QUALIFIED PERSON

The technical information contained in this document has been reviewed and approved by Jorge Fierro, M.Sc., DIC, PG, Vice President Exploration of Solaris who is a "Qualified Person" as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects.