LUMINEX RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 30, 2019

(Unaudited)

TSX-V: LR

www.luminexresources.com

NOTICE OF NO AUDITOR REVIEW

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended September 30, 2019 and 2018 have not been reviewed by the Company’s external auditors.

LUMINEX RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

Unaudited

(expressed in U.S. dollars)

	Note	September 30, 2019	December 31, 2018
ASSETS			
Current assets			
Cash	3	$ 4,954,752	$ 3,384,161
Receivables	4	369,249	44,108
Prepaid expenses		53,584	18,048
Total current assets		5,377,585	3,446,317
Non-current assets			
Environmental deposit		172,443	168,444
Property and equipment	5	927,797	890,585
Exploration and evaluation assets	6(a)	30,120,626	30,945,626
Investment in Pegasus	6(b)	2,200,000	2,200,000
Total assets		$ 38,798,451	$ 37,650,972
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,257,821	$ 595,710
Current portion of lease obligations	5	29,887	-
Total current liabilities		1,287,708	595,710
Non-current liabilities			
Lease obligations	5	41,852	-
Total liabilities		1,329,560	595,710
EQUITY			
Share capital	8	59,013,299	53,576,655
Share-based payment reserve	9	485,389	283,454
Accumulated deficit		(24,265,115)	(19,314,585)
Equity attributable to owners of the Company		35,233,573	34,545,524
Non-controlling interest	7	2,235,318	2,509,738
Total equity		37,468,891	37,055,262
Total liabilities and equity		$ 38,798,451	$ 37,650,972

Nature of operations (Note 1)
Going concern (Note 2(b))
Commitments and contingent liability (Note 18)
Post-reporting date event (Note 19)

APPROVED BY THE DIRECTORS

"Marshall Koval"
Director

"Donald Shumka"
Director

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

LUMINEX RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

Three and nine months ended September 30, 2019; three months ended September 30, 2018; and period from incorporation on March 16, 2018 to September 30, 2018

Unaudited

(expressed in U.S. dollars)

	Note	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Period from March 16 to September 30, 2018
Expenses					
Exploration and evaluation ("E&E") expenditures	6(c), 16	$ 1,598,623	$ 704,916	$ 3,795,450	$ 1,035,174
Fees, salaries and other employee benefits	10, 16	238,201	115,233	702,015	115,233
General and administration ("G&A")	16	60,301	67,095	174,721	67,660
Pre exploration and evaluation expenditures		-	-	19,667	-
Professional fees		127,224	136,233	434,412	244,761
		(2,024,349)	(1,023,477)	(5,126,265)	(1,462,828)
Other income (expenses)					
Impairment	6(a)	(825,000)	(17,772,284)	(825,000)	(17,7722,284)
Interest income and other	17	486,116	8,894	754,813	10,221
Interest expense		(7,867)	(65,408)	(14,259)	(65,408)
Foreign exchange (loss) gain		(14,447)	1,527	(14,239)	1,524
		(361,198)	(17,827,271)	(98,685)	(17,825,947)
Net loss and comprehensive loss for the period		$ (2,385,547)	$ (18,850,748)	$ (5,224,950)	$ (19,288,775)
Loss attributable to:					
Owners of the Company		$ (2,234,702)	$ (17,028,898)	$ (4,950,530)	$ (17,435,776)
Non-controlling interest	7	(150,845)	(1,821,850)	(274,420)	(1,852,999)
		$ (2,385,547)	$ (18,850,748)	$ (5,224,950)	$ (19,288,775)
Loss per share attributable to owners of the Company – basic and diluted	11	$ (0.04)	$ (1.23)	$ (0.11)	$ (2.71)
Weighted average number of shares outstanding – basic and diluted	11	50,578,993	13,839,967	44,292,104	6,431,045

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

LUMINEX RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Nine months ended September 30, 2019 and period from incorporation on March 16, 2018 to September 30, 2018

Unaudited

(expressed in U.S. dollars)

	Note	Nine months ended September 30, 2019	Period from March 16, 2018 to September 30, 2018
Operating activities			
Loss for the period		$ (5,224,950)	$ (19,288,775)
Adjustment for non-cash items:			
Depreciation	5	53,652	18,142
Impairment	6(a)	825,000	17,772,284
Share-based payment	9	203,033	-
Environmental deposit interest accrued		(3,999)	(3,122)
Deduct: interest income		(13,426)	(163)
Net changes in non-cash working capital items:			
Receivables		(325,141)	(35,532)
Prepaid expenses		(35,536)	(22,866)
Accounts payable and accrued liabilities		662,111	130,338
Net cash utilized in operating activities		(3,859,256)	(1,429,694)
Investing activities			
Expenditures on property and equipment		-	(28,151)
Expenditures on exploration and evaluation assets		-	(3,430,000)
Interest received		13,426	163
Net cash provided by (utilized in) investing activities		13,426	(3,457,988)
Financing activities			
Payment of lease obligation		(19,125)	-
Net cash contribution from Lumina Gold Corp.		-	9,908,471
Shares issued	8	5,363,151	1,900
Cost to issue shares	8	(151,145)	-
Shares issued on exercise of stock options	8	223,540	-
Net cash provided by financing activities		5,416,421	9,910,371
Increase in cash		1,570,591	5,022,689
Cash, beginning of period		3,384,161	-
Cash, end of period	3	$ 4,954,752	$ 5,022,689

LUMINEX RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

Nine months ended September 30, 2019 and period from incorporation on March 16, 2018 to September 30, 2018

Unaudited

(expressed in U.S. dollars)

		Attributable to owners of the Company						
		Share Capital						
	Note	Number of shares	Amount	Share-based Payment Reserve	Accumulated Deficit	Total	Non-controlling Interest	Total Equity
Opening Balance, March 16, 2018		100	$ 1,900	$ -	$ -	$ 1,900	$ -	$ 1,900
Shares issued to acquire Ecuador Gold Holdings Ltd. pursuant to Plan of Arrangement		900	48,315,293	-	-	48,315,293	4,428,806	52,744,099
Distribution from Lumina Gold Corp.		41,070,484	5,250,000	-	-	5,250,000	-	5,250,000
Comprehensive loss		-	-	-	(17,435,776)	(17,435,776)	(1,852,999)	(19,288,775)
Balance, September 30, 2018		41,071,484	$ 53,567,193	$ -	$ (17,435,776)	$ 36,131,417	$ 2,575,807	$ 38,707,224
Opening Balance, December 31, 2018		41,096,558	$ 53,576,655	$ 283,454	$ (19,314,585)	$ 34,545,524	$ 2,509,738	$ 37,055,262
Shares issued, net of issue costs	8	11,290,300	5,212,006	-	-	5,212,006	-	5,212,006
Exercise of stock options	8	592,750	224,638	(1,098)	-	223,540	-	223,540
Share-based payment	9	-	-	203,033	-	203,033	-	203,033
Comprehensive loss		-	-	-	(4,950,530)	(4,950,530)	(274,420)	(5,224,950)
Balance, September 30, 2019		52,979,608	$ 59,013,299	$ 485,389	$ (24,265,115)	$ 35,233,573	$ 2,235,318	$ 37,468,891

1. NATURE OF OPERATIONS

Luminex Resources Corp. ("Luminex" or the "Company") is a publicly listed company incorporated under the *Business Corporations Act* (British Columbia) on March 16, 2018 pursuant to a plan of arrangement (the "Arrangement") to reorganize Lumina Gold Corp. ("Lumina") which was completed on August 31, 2018. The Company is listed on the TSX-Venture Exchange, having the symbol LR. Luminex and its wholly-owned subsidiaries (collectively referred to as the "Group") are engaged in the acquisition, exploration and development of mineral resources in Ecuador. The Group is considered to be in the exploration stage as it has not placed any of its mineral properties into production.

The Company's head office and principal business address is Suite 410, 625 Howe Street, Vancouver, British Columbia, V6C 2T6. The Company's registered and records office is located at 1200 – 200 Burrard Street, Vancouver, British Columbia, V7X 1T2.

2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These condensed consolidated interim financial statements of the Group for the three and nine months ended September 30, 2019, three months ended September 30, 2018 and period from incorporation on March 16, 2018 to September 30, 2018, have been prepared in accordance with IAS 34 *Interim Financial Reporting.* They do not include all of the information and disclosures required in full annual financial statements and should be read in conjunction with the Group's annual financial statements as at December 31, 2018 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in U.S. dollars, except as specifically noted for Canadian dollar amounts shown as "C$".

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 27, 2019.

(b) Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Group will be able to realize, in the foreseeable future, its assets and discharge its liabilities in the normal course of business as they come due. The Group has incurred cumulative losses of $24,265,115 as at September 30, 2019 and has reported a net loss attributable to owners of the Company of $4,950,530 for the nine months ended September 30, 2019. The Group expects to continue to incur losses in the development of its mineral exploration projects and will require additional financing in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern is dependent upon obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Group's assets, the outright sale of the Company, the successful development of the Group's mineral property interests or a combination thereof. However, there can be no assurance that management's plans will be successful. The Group believes that, based on forecasts and its expected ability to raise financing, it will be able to continue as a going concern for the foreseeable future. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern. Such adjustments could be material.

(c) Significant accounting policies

The significant accounting policies that have been applied, on a consistent basis, in the preparation of these condensed consolidated interim financial statements are included in the Group's audited consolidated financial statements for the fiscal period ended December 31, 2018. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements, except as noted below.

IFRS 16 – Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the dual accounting model for lessees, which distinguished between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

IFRS 16 – Leases (continued)

The Group has applied IFRS 16 using the modified retrospective approach from January 1, 2019 and has elected to record the transition date right-of-use assets at amounts equal to the present value of the minimum lease payments, on a lease by lease basis. The Group elected not to recognize right-of-use assets and liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets. Lease payments associated with these leases are recognized as an expense in the consolidated statement of comprehensive loss.

The following are the new accounting policies for right-of-use assets under IFRS 16.

Lease definition:

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset may be implicitly or explicitly specified in a contract, but must be physically distinct, and must not have the ability for substitution by a lessor. The Group has the right to control an identified asset if it obtains substantially all of its economic benefits and either pre-determines or directs how and for what purpose the asset is used.

Measure of right-of-use (“ROU”) assets and lease obligations:

At lease commencement, the Group recognizes a ROU asset and a lease obligation. The ROU asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The ROU asset is subsequently amortized on a straight-line basis over the shorter of the term of the lease, or the useful life of the asset determined on the same basis as the Group’s property and equipment. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

The lease obligation is initially measured at the present value of lease payments remaining at the lease commencement date, discounted using the Group’s incremental borrowing rate. Lease payments included in the measurement of the lease obligation, when applicable, may comprise fixed payments, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase, extension or termination option that the Group is reasonably certain to exercise.

The lease obligation is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset.

Recognition exemptions:

The Group has elected not to recognize ROU assets and lease obligations for short-term leases that have a lease term of twelve months or less or for leases of low-value assets. Payments associated with these leases are recognized as an operating expense on a straight-line basis over the lease term within costs and expenses on the consolidated statement of comprehensive loss.

2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements in accordance with IFRS requires management to make certain judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results are likely to differ from these estimates. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses in these condensed consolidated interim financial statements are discussed below.

Judgments

<u>Going concern</u>: The assessment of the Group's ability to continue as a going concern requires significant judgment. The Group considers the factors outlined in Note 2(b) when making its going concern assessment.

<u>Exploration and evaluation assets</u>: The application of the Group's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that such acquisition costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable resources exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available. The carrying value of these assets is detailed at Note 6(a).

Estimates and assumptions

<u>Share-based payments</u>: The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers and employees. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share-based payment calculation value.

<u>ROU assets and lease obligations</u>: The application of IFRS 16 requires the Group to make certain judgments, estimates and assumptions that affect the valuation of ROU assets and the related lease obligations. These include determining agreements in the scope of IFRS 16, determining the contract term and the interest rate used for discounting of future cash flows. The lease term determined by the Group is comprised of the non-cancellable period of lease agreements and periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option. The present value of the lease payment is determined using a discount rate representing the rate that would be applicable to the Group in the relevant jurisdiction of the lease agreement at the time the lease agreement commences or is modified.

(e) Standards issued but not yet effective

The Group has not early adopted any amendment, standard or interpretation that has been issued by the IASB but that is not yet effective.

3. CASH

The Group's cash, by currency, at September 30, 2019 and December 31, 2018 was as follows:

		September 30, 2019		December 31, 2018
Cash at bank and in hand denominated in Canadian dollars	$	969,061	$	17,870
Cash at bank and in hand denominated in U.S. dollars		3,985,691		3,366,291
	$	4,954,752	$	3,384,161

(expressed in U.S. dollars)

4. RECEIVABLES

	September 30, 2019	December 31, 2018
Refundable goods and services tax	$ 393	$ 23,188
Other	368,856	20,920
Total receivables	$ 369,249	$ 44,108

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Group anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Group's receivables are all considered current and are not past due. The Group does not hold any collateral related to these assets.

5. PROPERTY AND EQUIPMENT

	Land[1]	Right-of-use assets	Property & Equipment	Total
Cost				
December 31, 2018	$ 553,032	$ -	$ 472,403	$ 1,025,435
Additions	-	90,864	-	90,864
September 30, 2019	$ 553,032	$ 90,864	$ 472,403	$ 1,116,299
Accumulated Depreciation				
December 31, 2018	$ -	$ -	$ 134,850	$ 134,850
Depreciation for the period	-	21,935	31,717	53,652
September 30, 2019	$ -	$ 21,935	$ 166,567	$ 188,502
Net book value				
December 31, 2018	$ 553,032	$ -	$ 337,553	$ 890,585
September 30, 2019	$ 553,032	$ 68,929	$ 305,836	$ 927,797

[1]The Company holds various small local farm lands in the area of its mineral properties that are of strategic value representing important surface rights over which it has mineral rights and access.

Depreciation expense relating to property and equipment utilized in E&E activities is expensed to E&E and is included in field office costs.

ROU assets:

On adoption of IFRS 16, the Group recognized ROU assets in relation to leases for office space and warehouses in Ecuador which had previously been classified as operating leases under the principles of IAS 17. The ROU assets were recognized based on the amount equal to the lease liability. Upon transition to IFRS 16, the Group recognized ROU assets and lease obligations of $90,864.

Lease obligations:

Minimum lease payments in respect of lease obligations and the effect of discounting are as follows:

	September 30, 2019
Undiscounted minimum lease payments	
Within one year	$ 35,053
Between one and five years	43,816
Total undiscounted lease obligations	78,869
Less future interest charges	(7,130)
Total discounted lease obligations	71,739
Less: current portion of lease obligations	(29,887)
Non-current portion of lease obligations	$ 41,852

The weighted average rate applied to the lease liabilities was approximately 9%.

(expressed in U.S. dollars)

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

(a) Exploration and evaluation assets

The Group holds various mineral exploration projects and concession areas in Ecuador as follows:

Condor:

The Group has nine concessions located in the Zamora-Chinchipe Province in southeast Ecuador, collectively known as the "Condor Project" and totaling 10,101 hectares, which also includes the following concessions (i) Escondida (1,204 hectares awarded to Lumina pursuant to a public tender process in Ecuador (the "Public Tender") in January 2017) and (ii) Santa Elena (628 hectares obtained by Lumina through Public Tender in December 2016).

Pegasus:

In November 2016, pursuant to the Public Tender, Lumina was awarded the Pegasus A1-7 and Pegasus B8-14 concessions. These concessions are an early-stage gold project comprising 66,525 hectares and are located approximately 150 kilometres southwest of Quito. In June 2017, Lumina was awarded an additional concession of 835 hectares, known as "Luz," which is adjacent to the Pegasus A concessions.

Tres Picachos / La Canela / Orquideas:

In December 2016, via Public Tender, Lumina was awarded the following concessions: Tres Picachos (4,828 hectares) and La Canela (3,187 hectares) which are located approximately 100 kilometres southwest of the Condor Project and Orquideas (4,743 hectares) which is located in proximity to the Condor Project.

Palma Real / Cascas / Santa Elena / Quimi / Tarqui:

These concessions were initially obtained under an option between Lumina and Proyectmin S.A. ("Proyectmin"), a related party. On April 18, 2018, Luminex (which was still a wholly-owned subsidiary of Lumina) paid and expensed a payment to Proyectmin for an amount of $35,000 which eliminated the need for the option and brought ownership of the areas directly under control of Luminex. The concession areas include: Palma Real, obtained in November 2016, and located in Northern Ecuador, consisting of four concession areas totaling 19,775 hectares; Cascas, obtained in January 2017, consisting of two concession areas totaling 9,998 hectares located approximately 25 kilometres southwest of the Condor Project; Santa Elena, as described under "Condor" above; Quimi, obtained in May 2017, consisting of two concession areas totaling 2,732 hectares located on trend with the Condor Project; and Tarqui, obtained in May 2017, consisting of two concession areas totaling 4,817 hectares located on trend with the Condor Project. As at June 30, 2019, the Group had effectively relinquished the Palma Real concessions.

Acquisition costs and carrying value of the Group's exploration projects as at September 30, 2019 are as follows:

		September 30, 2019
Cost		
Condor Project		$ 47,487,910
Rights to acquire / use ("Mineral Concession Rights")		
- Escondida	$ 45,000	
- La Canela	120,000	
- Orquideas	825,000	
- Tres Picachos	240,000	
		1,230,000
		$ 48,717,910
Impairment		
Condor Project		$ 17,772,284
Orquideas		825,000
		$ 18,597,284
Net book value		$ 30,120,626

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(a) Exploration and evaluation assets (continued)

In order to transfer certain concessions to Luminex, and in compliance with rules in Ecuador, Lumina and Luminex entered into agreements whereby the Group shall have the right to acquire 100% of the title and interest to the Mineral Concession Rights areas, subject to the relevant regulatory approval and execution of transfer documents, the consideration for which has been paid for in cash of $1,230,000 and $2,200,000 re Pegasus which is described in more detail below in Note 6(b). As per the above-referenced agreements, and subject to prior governmental approvals, the Group is able to explore and operate the concession areas.

In connection with the Arrangement, Lumina and Luminex were required to assess the fair value of the net assets of Luminex which comprise the distribution. The fair value of the net assets received by Luminex, and in particular the exploration and evaluation assets, was determined utilizing comparable market transactions to value the Condor Project and a replacement cost approach as an indicator of the value of exploration and evaluation assets where mineral resources have yet to be determined. As a result of such valuation, the Condor Project was impaired by $17.8 million as of August 31, 2018.

First Quantum Minerals Ltd. ("FQM") Earn-in Agreement:

On June 20, 2018, Lumina signed a formal earn-in agreement (the "Earn-in Agreement") with FQM relating to the Orquideas and Cascas concessions (the "Properties"). Under the terms of the Earn-in Agreement, FQM was committed to fund a minimum of $1.5 million in exploration expenditures and fees by the end of year one, after which it could withdraw from the agreement with no retained interest.

FQM and Lumina also entered into a services agreement (the "Services Agreement") whereby Lumina would act as the manager of the works programs to be conducted under direction of FQM. The Services Agreement was assigned to Luminex pursuant to the Arrangement. As manager, Luminex is entitled to charge an overhead and recovery fee of 10% of the expenditures incurred on the Properties, which costs will count towards FQM's total expenditures under the First Earn-in. $187,388 in overhead and recovery fees related to the Services Agreement has been included in "interest income and other" on the consolidated statement of comprehensive loss for the nine months ended September 30, 2019 (see Note 17).

A $150,000 earn-in payment by FQM was received by the Company on February 21, 2019.

By letter dated August 4, 2019, FQM notified the Company that it was terminating its earn-in on the Orquideas concession after the first five drill holes at Orquideas failed to produce significant mineralized intercepts. Following this decision, Luminex drilled an additional hole at Orquideas to utilize the available drill rig and test an additional area of the concession. Following this work, the Company does not have any ongoing work plans for Orquideas. Accordingly, during the three months ended September 30, 2019, the Company evaluated the carrying value of the Orquideas project area and determined that it was appropriate to record an impairment of $825,000 to the carrying value.

Subsequent to the FQM withdrawal on Orquideas, a further notice was provided in August 2019 whereby FQM informed the Company that it was also withdrawing from the Cascas concessions, effectively terminating the Earn-in Agreement. FQM had not incurred sufficient expenditures to earn an ownership interest in the Properties which will revert to the Company. The Company remains in discussions with FQM as to the finalization of work at the concessions after which time Luminex will solely fund any ongoing programs and expenditures on the Properties.

BHP Group plc ("BHP") Earn-in Agreement:

On July 12, 2019, the Company entered into an earn-in and joint venture agreement (the "BHP Agreement") with a wholly-owned subsidiary of BHP on the Tarqui 1 and 2 mining concessions ("Tarqui"). Under the terms of the BHP Agreement, Luminex received a recovery fee of $341,337 relating to reimbursement of costs incurred on Tarqui prior to signing the BHP Agreement (of which $125,414 was included in receivables at September 30, 2019 – see Note 4) and BHP will have the right to:

(i) earn a 51% ownership interest in a joint venture company, which will hold Tarqui, by investing an aggregate amount of $25 million in exploration expenditures and making $2.4 million of cash payments to the Company over a four-year period (the "First BHP Earn-in"), such payments to be made in installments of (i) $100,000 within ten business days of July 12, 2019 (which has been received – see Note 17); (ii) $200,000 upon completion of the transfer of Tarqui to the joint venture company; (iii) $300,000 by July 12, 2020; (iv) $450,000 by July 12, 2021; (v) $450,000 by July 12, 2022; and (vi) $900,000 by July 12, 2023;

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(a) Exploration and evaluation assets (continued)

BHP Group plc ("BHP") Earn-in Agreement (continued):

(ii) earn an additional 9% ownership interest in the joint venture company by sole funding an additional $10 million of exploration expenditures and making an additional $4.6 million of cash payments over a further two-year period (with $1,100,000 due by July 12, 2024 and $3,500,000 due by July 12, 2025), increasing BHP's aggregate ownership to 60% (the "Second BHP Earn-in"); and

(iii) earn a further 10% ownership interest in the joint venture company by sole funding an additional $40 million of exploration expenditures on Tarqui, taking BHP's aggregate ownership to 70% (the "Third BHP Earn-in").

Assuming completion of the Third BHP Earn-in, the Company will retain a 30% interest in Tarqui and would be responsible for funding its 30% pro rata share of any capital required to further explore, develop or construct a mine at Tarqui. Should BHP fail to meet the milestones to earn the initial 51% interest in Tarqui, then the concessions will remain under the sole control of Luminex as BHP's interest in the joint venture company will not vest and sole ownership of the entity will revert to Luminex.

In accordance with the terms of the BHP Agreement, BHP will assume management of the joint venture company and the exploration program for Tarqui and has the right to accelerate the exercise of the earn-in by completing all the exploration expenditures and any outstanding cash payments to Luminex in a period shorter than the earn-in term.

Annual expenditures / Acquisition cost and carrying value:

To maintain its mineral concessions Luminex is required to meet certain spending requirements as communicated to the Government of Ecuador.

Further details are provided in Note 18.

(b) Investment in Pegasus

Anglo American plc ("Anglo American") Earn-in Agreement:

Effective September 21, 2018, Luminex signed an earn-in and joint venture agreement with Anglo American ("the "Anglo Agreement") relating to the Pegasus Project that was transferred to Luminex as part of the Arrangement. Under the terms of the Anglo Agreement, Lumina received a fee of $1.3 million, a recovery fee for certain legal costs of $10,436 and $286,976 relating to reimbursement of costs incurred by Lumina on the Pegasus Project prior to signing the Anglo Agreement and transfer of Pegasus to Luminex pursuant to the Arrangement.

Under the Anglo Agreement, Luminex holds 30 Class A common shares in Central Ecuador Holdings Ltd. ("Central") and Anglo American holds 70 Class B common shares in Central. Central is the vehicle through which Anglo American will earn its interest in the Pegasus Project and which will, ultimately, should all spending commitments be met, form the joint venture company to operate the Pegasus Project. Anglo American has the following spending commitments pursuant to the Anglo Agreement:

(i) In order to earn a 25% interest in the Pegasus Project, Anglo American is required to make option payments to Luminex totaling $1.1 million by September 21, 2021 (such payments to be made in installments of (i) $300,000 by September 21, 2019; (ii) $300,000 by September 21, 2020; and (iii) $500,000 by September 21, 2021) and spend at least $10 million in exploration expenditures by September 21, 2022 of which at least $2.2 million must be funded prior to September 21, 2019 (the "Initial Contribution"). Should Anglo American fail to complete the Initial Contribution its shares in Central will be cancelled and returned to treasury and the Pegasus Project will revert to being 100% owned by Luminex;

(ii) Anglo American can earn an additional 26% interest in the Pegasus Project (for a total of 51%) by making payments to Luminex totaling $2.4 million by September 21, 2023 (with $1,000,000 due by September 21, 2022 and $1,400,000 by September 21, 2023) and funding exploration expenditures of $25 million no later than September 21, 2024 (the "First Option");

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(b) Investment in Pegasus (continued)

Anglo American plc ("Anglo American") Earn-in Agreement (continued):

(iii) Following completion of the First Option, Anglo American can earn an additional 9% interest in the Pegasus Project (for total of 60%) by making a payment to Luminex of $2.5 million by September 21, 2024 and funding exploration expenditures of $15 million by September 21, 2025 (the "Second Option"); and

(iv) Anglo American can earn an additional 10% interest in the Pegasus Project following completion of the Second Option if it solely funds all the required work up to a decision to construct a mine at the Pegasus Project, for a total retained interest of 70%.

Should Anglo American determine to only earn an interest up to the Initial Contribution, First Option or Second Option, the number of Class B common shares held by Anglo will be adjusted in accordance with the Anglo Agreement to result in their ownership level being retained at 25%, 51% or 60% respectively.

As noted above in Note 6(a), Luminex acquired a Mineral Concession Right on the Pegasus Project by way of payment of $2,200,000 to Lumina prior to the Arrangement. In accordance with the Anglo Agreement, Luminex has treated this Mineral Concession Right as its initial contribution in the Pegasus Project to Central Ecuador EC-CT S.A. ("Central Ecuador"), a wholly-owned Ecuadorean subsidiary of Central.

In accordance with the terms of the Anglo Agreement, Anglo American will control and manage Central and Central Ecuador and all expenditures and operations related to the Pegasus Project. Should Anglo American withdraw from the Anglo Agreement or fail to make its Initial Contribution commitment it will cause all its appointed directors to resign from Central and Central Ecuador.

(expressed in U.S. dollars)

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(c) Exploration and evaluation expenditures

The Group's exploration and evaluation expenditures on its projects are as follows:

	Three months ended September 30, 2019									
	Cascas[3]	Condor	La Canela	Orquideas[3]	Palma Real	Pegasus[3]	Quimi	Tarqui	Tres Picachos	**TOTAL**
Assays / Sampling	$ -	$ 74,707	$ -	$ -	$ -	$ -	$ 966	$ -	$ -	**$ 75,673**
Camp	-	243,977	548	6,341	-	-	19,453	4,140	2,065	**276,524**
Camp access and improvements	-	33,249	-	404	-	-	2,861	-	-	**36,514**
Drilling	-	728,088	-	90,002	-	-	-	-	-	**818,090**
Environmental, Health & Safety	-	26,866	-	4,971	-	-	2,148	2,002	51	**36,038**
Field office	-	114,207	-	295	1,529	-	181	1,856	-	**118,068**
Geological consulting and field staff	-	224,128	829	11,789	-	-	34,434	19,352	7,114	**297,646**
Legal fees	-	19,815	611	1,221	2,925	-	315	-	224	**25,111**
Mineral rights and property fees	-	42,311	-	-	-	-	-	4,480	-	**46,791**
Project management[1]	-	36,983	502	2,340	174	5,113	4,334	5,564	585	**55,595**
Reports	-	6,170	-	-	-	-	-	-	-	**6,170**
Social and community[1]	-	27,441	-	-	-	-	6,856	13,543	-	**47,840**
Transportation and accommodation	-	69,103	634	8,653	-	-	10,513	8,252	2,745	**99,900**
Costs incurred during the period	-	1,647,045	3,124	126,016	4,628	5,113	82,061	59,189	12,784	**1,939,960**
Cost recovery[4]	-	-	-	-	-	-	-	(341,337)	-	**(341,337)**
Net costs incurred (recovered) during the period	$ -	$ 1,647,045	$ 3,124	$ 126,016	$ 4,628	$ 5,113	$ 82,061	$ (282,148)	$ 12,784	**$ 1,598,623**
Cumulative E&E incurred by Lumina to August 31, 2018 [2]	$ 247,281	$ 5,080,081	$ 175,936	$ 1,344,244	$ 600,096	$ 2,436,866	$ 132,765	$ 412,985	$ 294,458	**$ 10,724,712**
Cumulative E&E incurred by Luminex, beginning of period	6,761	3,139,612	132,586	-	30,335	19,439	331,298	680,813	189,366	**4,530,210**
E&E incurred (recovered) during the period	-	1,647,045	3,124	126,016	4,628	5,113	82,061	(282,148)	12,784	**1,598,623**
Cumulative E&E incurred, end of period	$ 254,042	$ 9,866,738	$ 311,646	$ 1,470,260	$ 635,059	$ 2,461,418	$ 546,124	$ 811,650	$ 496,608	**$ 16,853,545**

(1) Project management and social and community costs include payments made to key management personnel (see Note 16).
(2) Costs for the Condor Project incurred since November 1, 2016. Costs for all other projects presented are on a cumulative basis since the date of initial award of the concessions to Lumina in 2016 or 2017. Costs are amounts incurred by Lumina either during the period prior to the transfer of the projects to Luminex or that were incurred by legal entities owned by Lumina that were not transferred to Luminex and are shown prior to any reimbursements to Lumina pursuant to the First Quantum or Anglo American Earn-In Agreements. Presented to illustrate total spend incurred on the projects in order to meet Ecuadorean spending commitments (see Note 18).
(3) Costs shown do not include expenditures incurred by BHP, First Quantum or Anglo American pursuant to their Earn-In Agreements.
(4) Cost recovery represents reimbursement of expenditures by BHP (see Note 6(a)).

(expressed in U.S. dollars)

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(c) Exploration and evaluation expenditures (continued)

	Three months ended September 30, 2018									
	Cascas[3]	Condor	La Canela	Orquideas[3]	Palma Real	Pegasus[3]	Quimi	Tarqui	Tres Picachos	**TOTAL**
Assays / Sampling	$ -	$ 18,323	$ -	$ -	$ -	$ -	$ -	$ 18,273	$ 5,232	**$ 41,828**
Camp	-	137,484	4,013	-	-	-	1,037	13,018	682	**156,234**
Camp access and improvements	-	32,445	752	-	-	-	-	187	-	**33,384**
Environmental, Health & Safety	-	27,066	298	-	5,039	-	333	441	-	**33,177**
Field office	-	69,576	642	-	-	-	-	212	215	**70,645**
Geological consulting and field staff	-	122,229	6,118	6,282	-	-	2,534	26,406	2,172	**165,741**
Legal fees	1,493	2,084	2,417	-	-	945	700	1,400	1,755	**10,794**
Metallurgical	-	5,040	-	-	-	-	-	-	-	**5,040**
Project management[1]	-	34,204	676	-	-	2,800	-	2,800	676	**41,156**
Social and community[1]	-	37,358	123	6,647	-	-	5,449	12,627	123	**62,327**
Transportation and accommodation	-	59,323	3,770	-	-	-	3,222	15,175	3,100	**84,590**
Costs incurred during the period	$ 1,493	$ 545,132	$ 18,809	$ 12,929	$ 5,039	$ 3,745	$ 13,275	$ 90,539	$ 13,955	**$ 704,916**
Cumulative E&E incurred by Lumina to August 31, 2018 [2]	$ 247,281	$ 5,080,081	$ 175,936	$ 1,344,244	$ 600,096	$ 2,436,866	$ 132,765	$ 412,985	$ 294,458	**$ 10,724,712**
Cumulative E&E incurred by Luminex, beginning of period	6,373	316,196	-	-	4,605	-	897	2,187	-	**330,258**
E&E incurred during the period	1,493	545,132	18,809	12,929	5,039	3,745	13,275	90,539	13,955	**704,916**
Cumulative E&E incurred, end of period	$ 255,147	$ 5,941,409	$ 194,745	$ 1,357,173	$ 609,740	$ 2,440,611	$ 146,937	$ 505,711	$ 308,413	**$ 11,759,886**

(1) Project management and social and community costs include payments made to key management personnel (see Note 16).

(2) Costs for the Condor Project incurred since November 1, 2016. Costs for all other projects presented are on a cumulative basis since the date of initial award of the concessions to Lumina in 2016 or 2017. Costs are amounts incurred by Lumina either during the period prior to the transfer of the projects to Luminex or that were incurred by legal entities owned by Lumina that were not transferred to Luminex and are shown prior to any reimbursements to Lumina pursuant to the First Quantum or Anglo American Earn-In Agreements. Presented to illustrate total spend incurred on the projects in order to meet Ecuadorean spending commitments (see Note 18).

(3) Costs shown do not include expenditures incurred by First Quantum or Anglo American pursuant to their Earn-In Agreements.

(expressed in U.S. dollars)

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(c) Exploration and evaluation expenditures (continued)

	Nine months ended September 30, 2019									
	Cascas(3)	Condor	La Canela	Orquideas(3)	Palma Real	Pegasus(3)	Quimi	Tarqui	Tres Picachos	**TOTAL**
Assays / Sampling	$ -	$ 122,040	$ 3,380	$ -	$ -	$ -	$ 6,779	$ 6,694	$ 1,601	**$ 140,494**
Camp	-	570,130	2,118	6,341	-	-	45,654	58,595	3,588	**686,426**
Camp access and improvements	-	51,630	-	404	-	-	2,861	112	-	**55,007**
Drilling	-	939,822	-	90,002	-	-	-	-	-	**1,029,824**
Environmental, Health & Safety	-	70,541	784	4,971	5,536	-	7,951	16,930	835	**107,548**
Field office	-	263,410	1,532	295	1,987	-	3,190	2,719	647	**273,780**
Geological consulting and field staff	-	513,454	40,970	11,789	-	-	120,694	145,516	30,616	**863,039**
Legal fees	-	26,285	4,446	1,221	7,961	-	315	2,258	3,987	**46,473**
Mineral rights and property fees	-	136,884	31,392	-	-	-	26,910	51,927	47,556	**294,669**
Project management(1)	-	136,807	2,825	2,340	1,075	12,649	10,030	19,613	2,795	**188,134**
Reports	-	6,170	-	-	-	-	-	-	-	**6,170**
Social and community(1)	-	57,723	167	-	227	-	35,860	62,262	278	**156,517**
Transportation and accommodation	-	187,762	5,538	8,653	268	-	27,752	53,658	5,075	**288,706**
Costs incurred during the period	-	3,082,658	93,152	126,016	17,054	12,649	287,996	420,284	96,978	**4,136,787**
Cost recovery(4)	-	-	-	-	-	-	-	(341,337)	-	**(341,337)**
Net costs incurred during the period	$ -	$ 3,082,658	$ 93,152	$ 126,016	$ 17,054	$ 12,649	$ 287,996	$ 78,947	$ 96,978	**$ 3,795,450**
Cumulative E&E incurred by Lumina to August 31, 2018 (2)	$ 247,281	$ 5,080,081	$ 175,936	$ 1,344,244	$ 600,096	$ 2,436,866	$ 132,765	$ 412,985	$ 294,458	**$ 10,724,712**
Cumulative E&E incurred by Luminex, beginning of period	6,761	1,703,999	42,558	-	17,909	11,903	125,363	319,718	105,172	**2,333,383**
E&E incurred during the period	-	3,082,658	93,152	126,016	17,054	12,649	287,996	78,947	96,978	**3,795,450**
Cumulative E&E incurred, end of period	$ 254,042	$ 9,866,738	$ 311,646	$ 1,470,260	$ 635,059	$ 2,461,418	$ 546,124	$ 811,650	$ 496,608	**$ 16,853,545**

(1) Project management and social and community costs include payments made to key management personnel (see Note 16).

(2) Costs for the Condor Project incurred since November 1, 2016. Costs for all other projects presented are on a cumulative basis since the date of initial award of the concessions to Lumina in 2016 or 2017. Costs are amounts incurred by Lumina either during the period prior to the transfer of the projects to Luminex or that were incurred by legal entities owned by Lumina that were not transferred to Luminex and are shown prior to any reimbursements to Lumina pursuant to the First Quantum or Anglo American Earn-In Agreements. Presented to illustrate total spend incurred on the projects in order to meet Ecuadorean spending commitments (see Note 18).

(3) Costs shown do not include expenditures incurred by First Quantum or Anglo American pursuant to their Earn-In Agreements.

(4) Cost recovery represents reimbursement of expenditures by BHP (see Note 6(a)).

(expressed in U.S. dollars)

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(c) Exploration and evaluation expenditures (continued)

	Period from March 16, 2018 to September 30, 2018									
	Cascas[4]	Condor	La Canela	Orquideas[4]	Palma Real	Pegasus[4]	Quimi	Tarqui	Tres Picachos	**TOTAL**
Assays / Sampling	$ -	$ 32,765	$ -	$ -	$ -	$ -	$ -	$ 18,273	$ 5,232	**$ 56,270**
Camp	-	220,806	4,013	-	-	-	1,037	13,018	682	**239,556**
Camp access and improvements	-	36,439	752	-	-	-	-	187	-	**37,378**
Environmental, Health & Safety	-	45,553	298	-	8,720	-	333	441	-	**55,345**
Field office	-	104,338	642	-	-	-	-	287	215	**105,482**
Geological consulting and field staff	-	185,687	6,118	6,282	-	-	2,534	26,406	2,172	**229,199**
Legal fees	3,666	8,631	2,417	-	924	945	700	1,400	1,755	**20,438**
Metallurgical	-	5,040	-	-	-	-	-	-	-	**5,040**
Mineral rights and property fees	-	6,859	-	-	-	-	-	-	-	**6,859**
Project management[1]	-	55,484	676	-	-	2,800	-	2,800	676	**62,436**
Social and community[1]	4,200	55,198	123	6,647	-	-	6,346	14,739	123	**87,376**
Transportation and accommodation	-	104,528	3,770	-	-	-	3,222	15,175	3,100	**129,795**
Costs incurred during the period	$ 7,866	$ 861,328	$ 18,809	$ 12,929	$ 9,644	$ 3,745	$ 14,172	$ 92,726	$ 13,955	**$ 1,035,174**
Cumulative E&E incurred by Lumina to December 31, 2017 [2]	$ 132,535	$ 3,639,195	$ 76,733	$ 455,139	$ 402,327	$ 1,285,193	$ 64,752	$ 78,281	$ 129,437	**$ 6,263,592**
E&E incurred by Lumina during the period [3]	114,746	1,440,886	99,203	889,105	197,769	1,151,673	68,013	334,704	165,021	**4,461,120**
E&E incurred by Luminex during the period	7,866	861,328	18,809	12,929	9,644	3,745	14,172	92,726	13,955	**1,035,174**
Cumulative E&E incurred, end of period	$ 255,147	$ 5,941,409	$ 194,745	$ 1,357,173	$ 609,740	$ 2,440,611	$ 146,937	$ 505,711	$ 308,413	**$ 11,759,886**

(1) Project management and social and community costs include payments made to key management personnel (see Note 16).
(2) Costs for the Condor Project incurred since November 1, 2016.
(3) Costs are amounts incurred by Lumina either during the period prior to the transfer of the projects to Luminex or that were incurred by legal entities owned by Lumina that were not transferred to Luminex and are shown prior to any reimbursements to Lumina pursuant to the First Quantum or Anglo American Earn-In Agreements. Presented to illustrate total spend incurred on the projects in order to meet Ecuadorean spending commitments (see Note 18).
(4) Costs shown do not include expenditures incurred by First Quantum or Anglo American pursuant to their Earn-In Agreements.

(expressed in U.S. dollars)

7. NON-CONTROLLING INTEREST ("NCI")

The following table summarizes information related to the Group's non-controlling interest which has a 10% interest in Condormining Corporation S.A. (see Note 16).

	September 30, 2019	December 31, 2018
Current assets	$ 214,023	$ 230,528
Non-current assets	29,142,019	26,634,241
Current liabilities	(365,704)	(120,201)
Net assets	28,990,338	26,744,568
NCI percentage	10%	10%
Net assets of individual entities attributable to the NCI	2,899,034	2,674,457
Adjustments on consolidation of individual entities subject to NCI	(663,716)	(164,719)
Net assets attributable to the NCI	$ 2,235,318	$ 2,509,738

	Three months ended September 30, 2019	Three months ended September 30, 2018
Net loss and comprehensive loss	$ 1,508,450	$ 18,218,500
NCI percentage	10%	10%
Net loss and comprehensive loss attributable to NCI	$ 150,845	$ 1,821,850

	Nine months ended September 30, 2019	Period from incorporation on March 16, 2018 to September 30, 2018
Net loss and comprehensive loss	$ 2,744,200	$ 18,529,990
NCI percentage	10%	10%
Net loss and comprehensive loss attributable to NCI	$ 274,420	$ 1,852,999

The entities subject to a NCI incurred the following cash expenditures during the three and nine months ended September 30, 2019, respectively: (i) $998,566 and $2,209,258 on operating activities (three months ended September 30, 2018 and period from incorporation on March 16, 2018 to September 30, 2018 - $477,260 and $822,471); and (ii) $Nil on investing activities (three months ended September 30, 2018 and period from incorporation on March 16, 2018 to September 30, 2018 - $2,352 and $28,151).

8. SHARE CAPITAL

Authorized: Unlimited common shares, without par value.

Issued and fully paid:	Number of Common Shares		Amount
Balance, December 31, 2018	41,096,558	$	53,576,655
Shares issued, net of issue costs (a)	11,290,300		5,212,006
Share issued on exercise of options (b)	592,750		224,638
Balance, September 30, 2019	52,979,608	$	59,013,299

(a) In July 2019, the Company closed a non-brokered private placement of 11,290,300 common shares for proceeds of $5,212,006, net of issue costs of $151,145, which includes finder's fees of up to 4% of the proceeds from certain subscribers.

(b) In August and September 2019, 592,750 stock options were exercised at a weighted average exercise price of $0.38 (C$0.50) per common share for total proceeds of $223,540. Previously recognized share-based payment expense totalling $1,098 was reclassified from share option reserve to share capital.

(expressed in U.S. dollars)

9. SHARE-BASED PAYMENTS

(a) Stock option plan

The Company has a stock option plan (the "Plan") whereby the Company may grant options to directors, officers, employees and consultants of the Company. The maximum number of common shares that may be reserved for issuance under the Plan is limited to 4,000,000. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a non-diluted basis or 2% if the optionee is engaged in investor relations activities or is a consultant. Options are exercisable over periods of up to ten years as determined by the Board and are required to have an exercise price no less than the closing market price of the Company's common shares prevailing on the day that the option is granted. The Plan contains no vesting requirements but permits the Board to specify a vesting schedule in its discretion.

No stock options were granted during the nine months ended September 30, 2019, or the period from incorporation on March 16, 2018 to September 30, 2018, except for stock options issued pursuant to the Arrangement (see Note 1) (the "Spinout Options"). No material value was determined in relation to the Spinout Options. Following the Arrangement, the Spinout Options were issued with identical remaining lives and vesting terms to the original Lumina options except for certain instances where the option holder was no longer eligible to participate in the Luminex stock option plan in which case those option holders were given thirty days' notice of expiry on their Luminex options from the day they received notice of the Luminex options, and the remaining unvested options, if any, became fully vested.

Pursuant to the Company's accounting policy for share-based payments, the fair value of options vesting during the three and nine months ended September 30, 2019, in the amount of $67,448 and $203,033, respectively, has been recorded in the consolidated statement of comprehensive loss under fees, salaries and other employee benefits (Note 10).

(b) Outstanding stock options

Stock options and weighted average exercise prices are as follows for the reporting periods presented:

	Nine months ended September 30, 2019			Period from incorporation on March 16, 2018 to September 30, 2018		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of period	2,782,723	C$	0.63	-	C$	-
Granted	-	C$	-	1,656,639	C$	0.50
Exercised	(592,750)	C$	0.50	-	C$	-
Expired	-	C$	-	(20,342)	C$	0.78
Outstanding, end of period	2,189,973	C$	0.66	1,636,297	C$	0.50

The weighted average share price at the date of exercise for share options exercised in the nine months ended September 30, 2019 was $0.64. At September 30, 2019, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted average life (years)	Exercise Price	Number of Options	Exercise Price
193,500	December 4, 2020	1.18	C$0.25	193,500	C$0.25
168,223	April 20, 2021	1.56	C$0.38	168,223	C$0.38
257,250	December 30, 2021	2.25	C$0.65	257,250	C$0.65
75,000	March 6, 2022	2.43	C$0.73	75,000	C$0.73
296,000	December 7, 2022	3.19	C$0.54	195,250	C$0.54
1,200,000	October 5, 2023	4.02	C$0.80	396,875	C$0.80
2,189,973		3.20	C$0.66	1,286,098	C$0.59

(expressed in U.S. dollars)

10. FEES, SALARIES AND OTHER EMPLOYEE BENEFITS

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Period from incorporation on March 16, 2018 to September 30, 2018
Fees and salaries	$ 167,742	$ 115,233	$ 495,971	$ 115,233
Other benefits	3,011	-	3,011	-
Share-based payments (Note 9(a))	67,448	-	203,033	-
Fees, salaries and other employee benefits	$ 238,201	$ 115,233	$ 702,015	$ 115,233

11. LOSS PER SHARE

The calculation of basic and diluted loss per common share attributable to owners of the Company is based on the following data:

	Three months ended September 30, 2019	Three months ended September 30, 2018
Net loss attributed to owners of the Company	$ 2,234,702	$ 17,028,898
Weighted average number of common shares outstanding (basic and diluted)	50,578,993	13,839,967
Loss per share – basic and diluted	$ 0.04	$ 1.23

	Nine months ended September 30, 2019	Period from incorporation on March 16, 2018 to September 30, 2018
Net loss attributed to owners of the Company	$ 4,950,530	$ 17,435,776
Weighted average number of common shares outstanding (basic and diluted)	44,292,104	6,431,045
Loss per share – basic and diluted	$ 0.11	$ 2.71

Basic loss per share is computed by dividing the net loss attributed to owners of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options, in the weighted average number of common shares outstanding during the period, if dilutive.

All of the stock options currently issued (see Note 9) were anti-dilutive for the three and nine months ended September 30, 2019.

12. CAPITAL RISK MANAGEMENT

It is the Company's objective when managing capital to safeguard its ability to continue as a going concern in order that it may continue to explore and develop its mineral properties and continue its operations for the benefit of its shareholders. The Company's objectives when managing capital are to:

(a) continue the exploration and development of its mineral properties;
(b) support any expansion plans; and
(c) maintain a capital structure which optimizes the cost of capital at acceptable risk.

The Company considers its equity, which includes common shares, share-based payment reserve and accumulated deficit as capital. The Company intends to spend existing working capital by carrying out its planned acquisition, exploration and development activities on mineral properties and continuing to pay administrative costs. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure the Company may issue new common shares. In order to facilitate analysis and management of its capital requirements, the Company prepares and updates annual budgets (as needed) to ensure that its acquisition and exploration operations can continue to progress. Budgets, once finalized, are approved by the Board. The Company is not subject to any externally imposed capital requirements.

(expressed in U.S. dollars)

13. FINANCIAL INSTRUMENTS

(a) Categories of financial assets and financial liabilities

The Group's financial assets and financial liabilities are categorized as follows:

	Note	Category	September 30, 2019	December 31, 2018
Cash	3	Amortized cost	$ 4,954,752	$ 3,384,161
Receivables	4	Amortized cost	368,856	20,920
Environmental deposit		Amortized cost	172,443	168,444
Accounts payable and accrued liabilities		Amortized cost	1,257,821	595,710

The recorded amounts for cash, receivables, environmental deposit and accounts payable and accrued liabilities approximate their fair value due to the short-term maturities of these instruments and/or the market interest rate being earned or charged thereon. Income earned on the Group's cash and cash equivalents has been disclosed in the consolidated statements of comprehensive loss under the caption "interest income and other."

(b) Fair Value Measurements

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

14. FINANCIAL INSTRUMENT RISKS

The Group is exposed to various risks in relation to financial instruments. The main types of risk are credit risk, liquidity risk and market risk. These risks arise from the normal course of the Group's operations and all transactions undertaken are to support the Group's ability to continue as a going concern. The risks associated with financial instruments and the policies on mitigation of such risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(a) Credit Risk

The Group considers that its cash, receivables and environmental deposit are exposed to credit risk, representing maximum exposure of $5,496,051 (December 31, 2018 - $3,573,525). Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk on its cash is minimized by maintaining these assets with high-credit quality financial institutions. At September 30, 2019, the Group's cash was held at two financial institutions (December 31, 2018 – three financial institutions).

(b) Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they become due. The Group manages liquidity risk by ensuring that it has sufficient cash available to meet its obligations. These requirements are met through a combination of cash on hand, disposition of assets, accessing capital markets and loans.

At September 30, 2019, the Group's current liabilities consisted of trade and other payables of $1,257,821 which are due primarily within three months from the period end. The Group's cash of $4,954,752 at September 30, 2019, was sufficient to pay for the current liabilities.

(c) Market Risks

The significant market risk exposures to which the Group is exposed are interest rate risk, currency risk and price risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows and fair values of the Group will fluctuate because of changes in market interest rates. Based on the Group's cash as at September 30, 2019, and assuming that all other variables remained constant, a 1% increase or decrease in interest rates would result in an increase or decrease of approximately $49,500 in the Group's interest income on an annual basis.

14. FINANCIAL INSTRUMENT RISKS (continued)

(c) Market Risks (continued)

Currency Risk

The functional currency of the Company and its subsidiaries is the U.S. dollar. The carrying amounts of financial assets and financial liabilities denominated in currencies other than the U.S. dollar are subject to fluctuations in the underlying foreign currency exchange rates. Gains and losses on such items are included as a component of net loss for the period.

The Group is exposed to currency risks arising from fluctuations in foreign exchange rates primarily among the U.S. dollar and Canadian dollar and the degree of volatility of these rates. While the Group incurs the majority of its expenditures in U.S. dollars, corporate G&A expenses are primarily paid in Canadian dollars. The Group does not use derivative instruments to reduce its exposure to foreign exchange and currency risks. The Group's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

The table below shows the impact that a 1% fluctuation in foreign currency rates compared to the U.S. dollar would have on the Group's consolidated loss, comprehensive loss and equity based upon the assets held at September 30, 2019.

Financial Instrument Type		U.S. Dollar	Currency		+/- 1% Fluctuation	
Cash	$	969,061	Canadian dollar	$	9,691	(9,691)
Accounts payable and accrued liabilities		(34,862)	Canadian dollar		(349)	349
Total	$	934,199		$	9,342	(9,342)

Other Price Risk

The Group did not hold any financial instruments that had direct exposure to other price risks at September 30, 2019.

15. SEGMENTED DISCLOSURE

The Company is organized into business units based on the location of its mineral properties and has one reportable operating segment, being that of the acquisition, exploration and evaluation of mineral properties in Ecuador. Reporting to the chief decision makers is carried out on a consolidated basis.

16. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS

Information about subsidiaries

The consolidated financial statements include the following subsidiaries:

		% Equity interest at	
	Country of Incorporation	September 30, 2019	December 31, 2018
Ecuador Gold Holdings Ltd.	Canada	100	100
Proyectmin Holdings Ltd.	Canada	100	100
Southern Ecuador Holdings Ltd.	Canada	100	100
Central Ecuador Holdings Ltd.	Canada	30(1)	30(1)
Tarqui Holdings Ltd.	Canada	100	N/A
EMH S.A.	Ecuador	100	100
Condormining Corporation S.A.	Ecuador	90	90
Corporacion FJTX Exploration S.A.	Ecuador	100	100
Bestminers S.A.	Ecuador	90	90
Condormine S.A.	Ecuador	90.1	90.1
Proyectmin S.A.	Ecuador	100	100
Luminex Services Ecuador LS-EC S.A. ("Luminex Services")	Ecuador	100	100
Southern Ecuador SN-EC S.A.	Ecuador	100	100
Central Ecuador EC-CT S.A.	Ecuador	30(1)	30(1)

(1) See Note 6(b) for details around the equity interest held by Anglo American pursuant to the Anglo Agreement.

(expressed in U.S. dollars)

16. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS (continued)

Related party expenses and balances

The Group incurred the following expenses with related parties:

Company	Nature of transactions	Three months ended September 30, 2019	Three months ended September 30, 2018
Miedzi Copper Corp. ("Miedzi")	E&E (geological)	$ 12,401	$ 2,204
Miedzi	G&A	13,523	5,693
Miedzi	Fees	41,002	21,624
Hathaway Consulting Ltd.	Fees	18,540	7,673
Into the Blue Management Inc.	Fees	15,115	-
Koval Management Inc.	Fees	32,816	10,813
La Mar Consulting Inc.	E&E (social and community)	18,758	6,150
Lumina Gold Corp.	Fees	-	1,536
Lyle E Braaten Law Corp.	Fees	15,613	5,116
		$ 167,768	$ 60,809

Company	Nature of transactions	Nine months ended September 30, 2019	Period from March 16, 2018 to September 30, 2018
Miedzi	E&E (geological)	$ 26,629	$ 2,204
Miedzi	G&A	41,647	5,693
Miedzi	Fees	146,445	21,624
Hathaway Consulting Ltd.	Fees	56,052	7,673
Into the Blue Management Inc.	Fees	25,010	-
Koval Management Inc.	Fees	97,630	10,813
La Mar Consulting Inc.	E&E (social and community)	52,508	6,150
Lumina Gold Corp.	Fees	-	1,536
Lyle E Braaten Law Corp.	Fees	46,519	5,116
		$ 492,440	$ 60,809

Miedzi and Lumina are considered companies related by way of directors and shareholders in common. Hathaway Consulting Ltd., Into the Blue Management Inc., Koval Management Inc., La Mar Consulting Inc. and Lyle E Braaten Law Corp. are related by way of being owned by directors or officers of the Company. Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are unsecured and settlement occurs in cash. At September 30, 2019, the following amounts were included in accounts payable: (i) $5,647 owing to La Mar Consulting Inc.; and (ii) $26,019 owing to Miedzi. At December 31, 2018, there were no amounts owing to related parties.

Included in accounts receivable is $14,708 (December 31, 2018 - $3,651) due from Odin Mining del Ecuador S.A. ("Odin"), a subsidiary of Lumina, relating to Luminex Services providing personnel services to Odin whereby personnel time is recharged based on time worked and at a rate of cost plus 6%. These services are recorded the Company's financial statements as a reduction of the associated cost. The total amount recharged to Odin for the three and nine months ended September 30, 2019 was $102,763 and $259,117, respectively.

Key management personnel compensation

Key management of the Group are the directors and officers of Luminex and their remuneration includes the following:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Period from March 16, 2018 to September 30, 2018
Short-term benefits (i)	$ 172,279	$ 91,404	$ 505,342	$ 91,404
Share-based payments (ii)	-	-	-	-
Total remuneration	$ 172,279	$ 91,404	$ 505,342	$ 91,404

(i) Short-term benefits include fees and salaries, including where those costs have been allocated to E&E expenditures (see Note 6(c)).
(ii) Share-based payments are the fair value of options granted (vested and unvested) to key management personnel as at the grant date.
(iii) Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the periods ended September 30, 2019 and 2018.

(expressed in U.S. dollars)

17. INTEREST INCOME AND OTHER

Interest income and other consists of the following components for the periods reported:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Period from March 16, 2018 to September 30, 2018
FQM earn-in payment (Note 6(a))	$ -	$ -	$ 150,000	$ -
FQM Services Agreement fee (Note 6(a))	84,110	6,936	187,388	6,936
BHP option payment (Note 6(a))	100,000	-	100,000	-
Anglo American option payment (Note 6(b))	300,000	-	300,000	-
Interest - bank / environmental deposits	2,006	1,958	17,425	3,285
	$ 486,116	$ 8,894	$ 754,813	$ 10,221

18. COMMITMENTS AND CONTINGENT LIABILITY

Commitments

As at September 30, 2019, the Group has entered into agreements that are not recognized as ROU assets and that include rental agreements, infrastructure improvements and contracted studies that require minimum payments in the aggregate as follows:

Within one year	$ 32,000
After one year but not more than five years	14,000
	$ 46,000

In addition, the Group is obligated to fulfil certain investment obligations on its mineral concessions in Ecuador pursuant to the following rules:

(a) New concessions granted pursuant to the Public Tender (see Note 6(a)) require minimum expenditures per year (commencing on the registration date of the concession with the Government of Ecuador) of $5 per hectare for each of Years 1 and 2 and $10 per hectare for each of Years 3 and 4. This spending commitment is required to be applied by the Government of Ecuador in situations where a company seeks to reduce the area that was obtained under the tender process.

(b) Applications for new concessions via Public Tender in Ecuador, require that an investment offer be presented for each concession. The investment offer represents the total amount that is required to be spent in order to maintain possession of the concession area at the end of the four-year investment period required by the Government of Ecuador. Current interpretations of the law in Ecuador are that all costs related to the project (direct and indirect and incurred in Ecuador or overseas) are able to be utilized against the four-year commitment. Should a concession holder resign from a concession prior to the end of the 4-year anniversary, or, determine that they do not wish to continue operations to the level of the 4-year commitment, then the concession can be relinquished without requiring the 4-year spend total be reached.

(c) Concessions in Ecuador require the Group to submit an annual expenditure plan to the Government of Ecuador outlining the minimum amount of committed expenditures for the upcoming year. Should a company resign from a concession area during the following year, there is no minimum commitment applicable except that the company shall pay for the portion of annual concession fees to the date that the relinquishment is completed.

(expressed in U.S. dollars)

18. COMMITMENTS AND CONTINGENT LIABILITY (continued)

Commitments (continued)

Accordingly, should the Group wish to retain possession of all the concession areas it holds, excluding the Pegasus Project which is being managed and earned-in by Anglo American and Tarqui which is being managed and earned-in by BHP, as at September 30, 2019, the Group's commitment is as follows:

Year ended December 31, 2019	$	503,000
By dates ranging from February 17, 2021 – June 9, 2021 (the 4-year anniversary dates of concessions granted)		16,685,000
Less expenditures incurred to December 31, 2018		(2,640,000)
	$	14,548,000

Amounts in the table above have not been adjusted for expenditures in the nine months ended September 30, 2019. As disclosed in Note 6(c), the Group has incurred E&E expenditures of approximately $3.8 million on its various projects during the nine months ended September 30, 2019, which amounts do not include expenditures made by FQM on the Cascas and Orquideas concessions (see Note 6(a)).

Contingent liability

Luminex has entered into an agency agreement with Miedzi to facilitate transactions between the entities and provide clarity around ongoing G&A costs in case of withdrawal from the agency agreement, including provisions for rent of premises and personnel costs. At September 30, 2019, and assuming withdrawal from the agency agreement at that date, Luminex's obligation to Miedzi would be approximately $404,000.

19. POST-REPORTING DATE EVENT

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of the consolidated financial statements except that on October 16, 2019, the Company granted 1,097,000 stock options to acquire common shares at an exercise price of C$0.63 per common share. The vesting schedule for the options is ⅓ on the grant date, ⅓ one year after the grant date and ⅓ two years after the grant date.