LUMINEX RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

TSX-V: LR

www.luminexresources.com

LUMINEX RESOURCES

Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2019 **November 27, 2019**

INTRODUCTION

Luminex Resources Corp. ("Luminex" or the "Company") is a resource exploration company with a focus on the exploration and development of mining projects in Ecuador. Luminex's head office is in Vancouver, Canada. The Company was incorporated under the *Business Corporations Act* (British Columbia) on March 16, 2018 in connection with a strategic reorganization of Lumina Gold Corp. ("Lumina") effected by a plan of arrangement (the "Arrangement"), which was completed on August 31, 2018. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "LR".

On August 31, 2018, pursuant to the Arrangement, Lumina's shareholders received common shares of Luminex by way of a share exchange, whereby each existing common share of Lumina was exchanged for one "new" common share of Lumina and 0.15 of a common share of Luminex resulting in the issuance of 41,070,484 common shares of Luminex. Optionholders of Lumina received replacement options of Lumina and options of Luminex which were proportionate to, and reflective of, the terms of their existing options.

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Luminex and its subsidiaries during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the three and nine months ended September 30, 2019, and, consequently, should be read in conjunction with the aforementioned financial statements and notes thereto. This MD&A should also be read in conjunction with our audited consolidated financial statements for the fiscal period ended December 31, 2018.

ADDITIONAL INFORMATION

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.luminexresources.com.

The Company reports its financial information in United States dollars and all monetary amounts set forth herein are expressed in U.S. dollars unless specifically stated otherwise. The Company's unaudited condensed consolidated interim financial statements for the periods ended September 30, 2019 and 2018 were prepared in accordance with IAS 34 *Interim Financial Reporting*.

Leo Hathaway, P.G., is a qualified person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and has reviewed and approved for inclusion the scientific and technical disclosure in this MD&A. Mr. Hathaway is the Senior Vice President, Exploration of the Company.

FORWARD-LOOKING INFORMATION

Information and statements contained in this MD&A that are not historical facts are forward-looking information or forward-looking statements within the meaning of Canadian securities legislation and the *U.S. Private Securities Litigation Reform Act of 1995* (hereinafter collectively referred to as "forward-looking statements") that involve risks and uncertainties. This MD&A contains forward-looking statements such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Examples of forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- the Company's going-forward corporate strategy, as well as its strategies for development of different assets;
- the Company's acquisition of concessions and projects, and the regulatory reporting and amount of spending required to maintain the concessions in good standing;
- Company plans and actions required to initiate or continue exploration and drilling programs on its projects and those subject to earn-in;
- timing of and prospects for future exploration and development work and expenditures on the Company's projects;
- estimates of mineral resources at the Company's projects;
- potential economic recoveries at the Company's projects;
- possible related discoveries or extensions of new mineralization or increases or upgrades to reported mineral resource estimates at the Company's projects;
- forecasts of future metals prices;
- the prospects of success for the Company's earn-in agreements with BHP Group plc at the Tarqui concessions and Anglo American plc at the Pegasus concessions;
- the Company's plans to evaluate on a case-by-case basis whether to advance projects internally or seek strategic partners;
- the Company's plans to initiate further exploration, project engineering work and/or development studies for its different assets on a case-by-case basis;
- the Company's ability to comply with permitting and regulatory requirements related to exploration and development and related operations, as well as any associated costs and timing;
- prospects for identifying and/or acquiring additional mining concessions or projects, within or outside of Ecuador;
- the Company´s ability to acquire, secure, and maintain access to surface lands needed for its operations;

- the Company's ability to obtain and maintain the positive political and social relations necessary to operate at its different concessions;
- the Company's plans, actions and timing to renounce certain non-core concession areas;
- the Company's ability to continue as a going concern;
- the impact of future accounting standards on the Company;
- the adequacy of the Company's working capital;
- the Company's ability to raise additional financing or find alternative ways to advance its corporate objectives, as well as the use of any financing proceeds;
- the Company's ability to identify and, with government support, control incursions by informal miners into its concessions;
- the potential for additional or more extended consultation with indigenous peoples and communities being required;
- the validity of the Government of Ecuador's mineral concession auction processes and the rights granted thereby;
- the mining assets and properties acquired by the Company being and remaining attractive investment opportunities; and
- any additional risks and uncertainties with regards to the Company's business.

In certain cases, forward-looking statements can be identified by the use of words such as ”plans”, “expects” or ”does not expect”, ”is expected”, ”budget”, “goal”, ”scheduled”, ”estimates”, ”forecasts”, ”intends”, ”anticipates” or ”does not anticipate”, or ”believes”, or variations of such words and phrases or state that certain actions, events or results ”may”, ”could”, ”would”, ”might” or ”will be taken”, ”occur” or ”be achieved”. Any such forward-looking statements are based, in part, on assumptions and factors that may change, thus causing actual results or achievements to differ materially from those expressed or implied by the forward-looking statements. Such factors and assumptions may include, but are not limited to: assumptions concerning gold, copper and other base and precious metal prices; cut-off grades; accuracy of mineral resource estimates and resource modeling; timing and reliability of sampling and assay data; representativeness of mineralization; timing and accuracy of metallurgical test work; anticipated political and social conditions; expected Ecuador government policy, including reforms; and, ability to successfully raise additional capital.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, and without limitation:

- risks relating to price fluctuations for gold, copper, and other precious and base metals;
- risks inherent in mineral resource estimation;
- risks relating to government cancellation or expropriation of the Company's mineral property interests;
- risks relating to all the Company's mineral concessions and projects being located in Ecuador, including political, social, economic, security and regulatory instability;
- risks relating to changes in Ecuador's national, provincial and local political or social leadership, including impacts these may have on general, environmental, and mining specific public policies, laws and regulations, and other norms or decisions issued by administrative agencies and other governmental institutions, including the Ombudsman and the judiciary, as well as legal, political, and social stability;
- risks relating to national and local political and social unrest, including opposition to mining, pressure for economic benefits such as employment or social investment programs, access to land for agricultural or artisanal mining use, or for illegal mining or other unlawful purposes, permission to conduct artisanal hard rock or alluvial mining on Company concessions, or other local political and social pressures;
- risks relating to required consultations with indigenous and local communities;
- risks relating to the political, social, environmental and geological conditions in areas in proximity to the concessions under development;
- risks relating to Luminex's rights or activities being impacted by litigation or administrative processes;
- risks relating to Luminex's ability to comply with commitments made under the auction tender process for claims it seeks to continue carrying out exploration activities;
- risks relating to Luminex's ability to secure and maintain social licenses from local communities and access concession surface areas and other properties needed to advance its exploration and development programs;
- risks relating to Luminex's ability to prevent or evict illegal mining on its concessions, with or without support from national, provincial and local authorities;
- risk relating to Luminex's ability to safely operate in challenging terrain, habitats, and climates, which contain dangers to health and safety;
- risks relating to Luminex's operations being subject to environmental requirements, including remediation;
- risks relating to Luminex's ability to source qualified human resources, including managers, employees, consultants, attorneys, and sub-contractors, as well as the performances of all such resources (including human error and actions outside of the control of Luminex, such as wilful negligence, including on the part of its counterparties or agents);
- risks of title disputes or claims affecting mining concessions or surface ownership rights;
- risks relating to adverse changes to laws, regulations or other norms placing increased or changing regulatory burdens or extending timelines for regulatory approval processes, including environmental, safety, social, taxation and other matters;

- risks relating to delays in obtaining governmental approvals or permits necessary for the execution of exploration, development or construction and related activities;
- risks relating to failure of plant, equipment or processes to operate as anticipated;
- risks relating to performance of human resources, such as accidents and labour disputes;
- risks relating to competition inherent in the mining exploration industry, in Ecuador and elsewhere, such as demand for service providers, poaching of personnel and price inflation for exploration activity contractors;
- risks of impacts from unpredictable natural occurrences, such as adverse weather conditions, fire, natural erosion, landslides, and geological activity, including earthquakes and volcanic activity;
- risks relating to inadequate insurance or inability to obtain insurance;
- risks relating to the fact that Luminex's properties are not yet in commercial production;
- risks relating to the Company's ability to obtain necessary funding for its operations, at all or on terms acceptable to the Company;
- risks relating to the Company's concessions that are subject to earn-in arrangements, including the provision of ongoing funding to progress the mineral concessions and meet required spending commitments in Ecuador;
- risks relating to the Company's working capital and requirements for additional capital;
- risks relating to currency exchange fluctuations or change in national currency;
- risks relating to fluctuations in interest and inflation rates;
- risks relating to restrictions on access to and movement of capital;
- risks relating to the value of the Company's common shares fluctuating based on market factors;
- risks relating to the Company's dependence on key personnel; and
- other risks of the mining industry,

as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors and risks that could affect the Company and might cause actual actions, events or results to differ, perhaps materially, from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to occur as projected, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Forward-looking statements and other information contained herein, including general expectations concerning the mining industry, are based on estimates and forecasts prepared by the Company employing data from publicly available industry sources, as well as from market research and industry analysis, and on assumptions based on data and knowledge of this industry and the operating environment in Ecuador which the Company believes to be reasonable. Although generally indicative of relative market positions, market shares and performance characteristics, this data is inherently imprecise. While the Company is not aware of any misstatements regarding any data presented herein, the mining industry involves risks and uncertainties and the data is subject to change based on various factors.

OVERVIEW OF SIGNIFICANT EVENTS AND REVIEW OF ACTIVITIES

In order to better understand the Company's financial results, it is important to gain an appreciation of the significant events, transactions and activities involving mineral property interests that occurred during the three and nine months ended September 30, 2019 and to the date of this MD&A. This overview should be read in conjunction with the remainder of this MD&A to more fully appreciate the Company's results and activities for the three and nine months ended September 30, 2019.

Described in more detail below are the following:

- signing an earn-in and joint venture agreement with a wholly-owned subsidiary of BHP Group plc ("BHP") on the Company's Tarqui concessions;
- an update on the Anglo American plc ("Anglo American") earn-in on the Pegasus Project for which Anglo American has, to September 30, 2019, made cash payments of $1,600,000 plus spent approximately $5,960,000 which is in excess of its required minimum spend of $2,200,000 due by September 21, 2019;
- the withdrawal of First Quantum Minerals Ltd. ("First Quantum") from its earn-in on the Cascas and Orquideas Projects; and
- activities and work programs carried out on the Company's Condor Project and its other early stage projects including Quimi, La Canela and Tres Picachos.

Condor Project

The Company holds title to nine contiguous mineral concessions, totalling an area of 10,101 hectares, collectively known as the "Condor Project", located in the Zamora Chinchipe province in southeastern Ecuador. The Condor Project includes the Escondida and Santa Elena concession areas acquired through the Government of Ecuador's auction tender process in 2016. The Company owns land / surface rights over an area of approximately 603 hectares that overlie concessions of the Condor Project. In addition, the Company holds approximately 149 hectares of land access rights obtained by way of easements.

Within the Condor Project, the Chinapintza and Los Cuyes deposits are hosted in a sub-volcanic system consisting primarily of epithermal high-grade gold/silver veins and mineralized breccias. South and southwest of this sub-volcanic system are the El Hito porphyry copper and molybdenum deposit and the Santa Barbara gold and copper porphyry/skarn deposit. In addition to these mineral deposits, there are several exploration targets within the Condor Project consisting of gold and iron-rich skarns, epithermal gold and other undeveloped and under-explored soil, stream sediment and bedrock gold/silver and copper anomalies.

Zamora-Chinchipe is serviced by air from the city of Loja, which is a three-hour drive from the Condor Project. Access is by paved highways via the provincial capital of Zamora and then 50 kilometres ("km") east to the village of Paquisha. From Paquisha there are approximately 35 km of gravel roads passing through several villages to the Condor Project. Lundin Gold Inc.'s Fruta del Norte gold project is located approximately 30 km to the north of the Condor Project.

The Company's primary focus on the Condor Project has been continued drill delineation of the Camp Zone mineralization accompanied by surface mapping and sampling both there and at the nearby Los Cuyes, Prometedor and Soledad zones. To November 20, 2019, the Company had completed or commenced drilling on 22 holes for 10,032 metres. This work is ongoing with three rigs drilling the Camp Zone. News releases announced on June 18, July 18, September 4, September 26 and November 4, 2019 summarize results received to date. Additionally, metallurgical testing on approximately 100 kilograms of drill core samples from the Camp Zone commenced during the quarter ended September 30, 2019.

Other Concessions

Lumina participated in the Government of Ecuador's mineral concession auction process in 2016 / 2017. Under the terms of the auction, a company awarded a concession is obligated to complete the investments proposed in the related application by the end of a four-year period. Should a company determine that it no longer wishes to retain a concession area it can cease active spending and the concession will be forfeited back to the Government of Ecuador, provided that the Company is responsible for payment of annual concession fees to the point in time at which the relinquishment of the concession is completed.

Lumina was granted the following areas, which were subsequently transferred to Luminex pursuant to the Arrangement:

Concession Name	Area (Ha)	General Location
Part of Condor Project		**Southern Ecuador**
Escondida	1,204	Adjacent to the Condor Project.
Santa Elena [(1)]	628	Adjacent to the Condor Project.
Other Concessions		**Southern Ecuador**
Cascas [(1)]	9,998	On trend with the Condor Project. Two concessions.
La Canela	3,187	On trend with the Condor Project.
Orquideas	4,743	On trend with the Condor Project.
Quimi [(1)]	2,732	On trend with the Condor Project. Two concessions.
Tarqui [(1)]	4,817	On trend with the Condor Project. Two concessions.
Tres Picachos	4,828	On trend with the Condor Project.
		Northern Ecuador
Pegasus A / Pegasus B / Luz	67,360	Fifteen adjacent concessions located approximately 150km southwest of Quito in Cotopaxi Province.
TOTAL	**99,497**	

Note: Palma Real (19,775 ha) has been excluded from the table above. The concessions comprising Palma Real were relinquished by Luminex in the first half of 2019.
[(1)] Concessions acquired by way of option agreement with Proyectmin S.A., a related party to Lumina. Under the terms of the option agreement, Lumina was responsible for funding the required work commitments on the concessions. After two years, the concessions were to be transferred to Lumina. On April 18, 2018, Luminex acquired 100% of the shares of Proyectmin S.A. for $35,000 which eliminated the option agreement as ownership of the concessions became directly controlled by Luminex.

Further details on the commitments associated with the new concessions are provided later in this MD&A in the section "Liquidity and Capital Resources."

Tarqui Concessions - BHP Group plc Earn-in and Joint Venture Agreement

On July 12, 2019, Luminex entered into an earn-in and joint venture agreement (the "BHP Agreement") with a wholly-owned subsidiary of BHP relating to the Company's Tarqui 1 and 2 mining concessions ("Tarqui"). Under the terms of the BHP Agreement, BHP has the right to:

(i) earn a 51% ownership interest in a joint venture company, which will hold Tarqui on completion of $25 million of exploration expenditures and $2.4 million of cash payments to Luminex over a four-year period ("First BHP Earn-in");

(ii) earn an additional 9% interest in the joint venture company by solely funding an additional $10 million of expenditures on Tarqui and making an additional $4.6 million of cash payments over a further two-year period (for a total cumulative $35 million of exploration expenditures and cumulative $7 million of cash payments to Luminex) ("Second BHP Earn-in"); and

(iii) earn an additional 10% ownership interest in the joint venture company by sole funding an additional $40 million of expenditures on Tarqui, for a cumulative $75 million of exploration expenditures ("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.

BHP will assume management of the joint venture company and the exploration program for Tarqui and will have 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.

Pursuant to the terms of the BHP Agreement, BHP has paid $100,000 to the Company with an additional $200,000 due upon completion of the transfer of Tarqui to the joint venture company. BHP has also reimbursed the Company $341,337 in expenses incurred exploring the Tarqui concessions prior to signing the BHP Agreement.

During 2019, the Company conducted preliminary exploration work which included collection of 267 soil samples collected on 100 to 200 metre spaced lines and 853 rock samples. This work has identified at least two porphyry copper centres within the Tarqui concession and gold and silver is also anomalous, perhaps indicating epithermal mineralization is also present. BHP has commenced initial exploration including a V-TEM airborne geophysical survey which was completed on November 15, 2019. Interpretation of the data from the survey is pending.

Pegasus A, B and Luz Concessions - Anglo American plc Earn-In and Joint Venture

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 form the joint venture company to operate the Pegasus Project, should all spending commitments be met. 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");

(iii) Following completion of the First Option, Anglo American can earn an additional 9% interest in the Pegasus Project (for a 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%.

As at September 30, 2019, Anglo American had incurred approximately $5,960,000 towards its earn-in. The tables below illustrate the cash payments and the spending commitments and milestones pursuant to the Anglo Agreement in order for Anglo American to earn up to a 60% interest.

Cash Payment Schedule:

Due Date		**Payment Amount**
Signing of Agreement (received)[(1)]	$	1,300,000
September 21, 2019 (received)	$	300,000
September 21, 2020	$	300,000
September 21, 2021	$	500,000
25% Interest Cash Payment Milestone	**$**	**2,400,000**
September 21, 2022	$	1,000,000
September 21, 2023	$	1,400,000
51% Interest Cumulative Cash Payment Milestone	**$**	**4,800,000**
September 21, 2024	$	2,500,000
60% Interest Cumulative Cash Payment Milestone	**$**	**7,300,000**

(1) Received by Lumina.

Spend Commitment Schedule:

Due Date		**Spend Commitment**		**Spend Incurred To March 31, 2019**
By September 21, 2019	$	2,200,000	$	2,200,000
By September 21, 2022	$	7,800,000		3,760,000
25% Interest Spending Milestone	**$**	**10,000,000**	**$**	**5,960,000**
By September 21, 2024	$	25,000,000	$	-
51% Interest Cumulative Spending Milestone	**$**	**35,000,000**	**$**	**5,960,000**
By September 21, 2025	$	15,000,000	$	-
60% Interest Cumulative Spending Milestone	**$**	**50,000,000**	**$**	**5,960,000**

Should Anglo American decide 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 a total retained interest in the Pegasus Project of 25%, 51% or 60% respectively.

As noted in Note 6(b) to the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019, Luminex acquired Mineral Concession Rights on the Pegasus Project by way of payment of $2.2 million 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.

Work programs carried out by Anglo American on the Pegasus Project have included basin by basin stream sediment sampling, remote sensed structural geologic interpretation and field validation, radiometric dating as well as detailed petrogenetic studies of zircons and green minerals in order to identify prospective areas. In addition, Anglo American has completed ZTEM geophysical surveying on the entire Pegasus A project area.

Orquideas and Cascas Concessions - First Quantum Minerals Ltd. Earn-In

On June 20, 2018, Lumina signed an earn-in agreement (the "FQM Earn-in Agreement") with First Quantum relating to the Orquideas and Cascas concessions (the "Properties"). The FQM Earn-in Agreement was assigned to Luminex prior to completion of the Arrangement on August 31, 2018. Under the terms of the FQM Earn-in Agreement, First Quantum 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. On February 21, 2019, the Company received $150,000 from First Quantum.

First Quantum and Lumina also entered into a services agreement (the "Services Agreement") whereby Lumina would act as the manager of the work programs to be conducted under the direction of First Quantum. The Services Agreement was assigned to Luminex in connection with 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 First Quantum's total expenditures under the First Earn-in.

By letter dated August 4, 2019, First Quantum notified the Company that it was terminating its earn-in on the Orquideas concession. This decision was made after the first five drill holes at Orquideas failed to produce significant mineralized intercepts. Following this decision, Luminex drilled an additional 463 metre hole at Orquideas to utilize the available drill rig and test an additional area of the concession. Following this work, which failed to intercept significant mineralization, the Company determined that at the current time the Orquideas concession area is of lower priority than other concessions that the Company holds. The Company evaluated the carrying value of the Orquideas Project and determined that it was appropriate to record an impairment of $825,000.

Subsequent to the First Quantum withdrawal on Orquideas, a further notice was provided in August 2019 whereby First Quantum informed the Company of withdrawal from the Cascas earn-in, effectively terminating the FQM Earn-in Agreement.

First Quantum had not incurred sufficient expenditures to earn an ownership interest in Cascas or Orquideas, both of which will stay under the Company's control. The Company remains in discussions with First Quantum as to the finalization of work at the concession areas after which time Luminex will solely fund any ongoing programs and expenditures.

Cascas comprises dual kilometre scale porphyry copper and gold anomalies. Legacy geochemical and geophysical databases have enabled the Company to generate work plans that will guide follow-up exploration efforts with further geochemical sampling, detailed geologic mapping and possible ZTEM airborne geophysics. The Company aims to use these data sources to define possible drill targets.

Luminex´s 2019 exploration of Cascas has so far entailed three concerted bedrock mapping and sampling campaigns and a year-end field campaign that is currently underway. Field work has focused on the western part of the Cascas 1 concession area since September 2019. The Company continues to dialogue with local communities of the Cascas 2 concession area for access. The copper-gold anomalous zones identified by legacy sampling in the western part of Cascas 2 are the primary area of interest on the Cascas 2 concession. Access to this area has been slowed by illegal alluvial mining activity in the Shamatak river basin. Rock samples collected in 2019 have identified a northwestward extension to the copper-gold anomaly in western Cascas 1, which now measures over 7 km in length.

Other Luminex Concessions and Work Programs

During the period under review in this MD&A, the Company has continued its regional mineral exploration activities, consisting primarily of the collection of thousands of bedrock, stream sediment and soil samples, ground-based geophysical surveying, as well as detailed geologic mapping. Fieldwork has focused on the Quimi, Tarqui (see above) and La Canela projects with a view to advancing these projects to drill stage. Additionally, this work has delineated areas of the concessions that could be relinquished to reduce overall concession areas. Specific efforts on the Company's other project areas are described below:

Quimi is a porphyry copper-gold target located eight km northwest of the Mirador copper/gold mine-site. The Company acquired 178 rock samples along drainages in the southern and western part of the Quimi 1 concession in early 2019. The Quimi 2 concession area is yet to be explored and the Company is maintaining ongoing community engagement to seek access to this area. The Company has built an exploration base at the southern end of the Quimi 1 concession, central to the soil copper anomalies.

La Canela is an early-stage gold project. A remote exploration camp was completed at La Canela in late 2018, which enabled the Company, in January 2019, to conduct a 200-metre spaced soil auger sample program in the northern part of the concession.

No field work of any significance has taken place at Tres Picachos this year.

Financing Activity

Prior to the Arrangement on August 31, 2018, Luminex operated as a wholly-owned subsidiary of Lumina which provided funding on an as-needed basis to facilitate operations and any reorganization costs to assist in effecting the Arrangement. Immediately prior to completion of the Arrangement, Lumina made a one-time cash contribution to Luminex of $5,250,000. These funds were fully expended as at the end of July 2019.

On July 16, 2019, the Company completed a non-brokered private placement for 11,290,300 common shares at a price of CAD$0.62 per common share, for aggregate gross proceeds of approximately CAD$7 million. The proceeds of the private placement are to be used for drilling expenses at Condor, exploration costs at the Company's 100% owned , non-optioned concessions and for general corporate purposes. In connection with the private placement, the Company incurred share issue costs which included CAD$130,894 in finder's fees of 4% of the proceeds from certain subscribers.

OUTLOOK

The Company's strategy is to focus on advancing exploration at the Condor Project, as well as the BHP and Anglo American earn-in and joint venture projects. In parallel, the Company continues its evaluation of the remaining early exploration concessions to ensure that resources are focused on advancing projects with the greatest merit, including Cascas, Quimi, La Canela and Tres Picachos.

As noted earlier, the Company has expanded the drilling program at the Condor Project's Camp Zone. Recent drilling and surface sampling at the Camp Zone has identified a 700-metre trend of high-grade gold mineralization which remains open both along strike and at depth. To November 20, 2019, the Company had completed or commenced drilling on 22 holes for 10,032 metres. The Company will continue to drill to define the extent of mineralization and develop a resource estimate for the Camp Zone that is planned for release in the first quarter of 2020. In addition, the initial metallurgical testing program is expected to be completed in the second quarter of 2020. The Company also intends to drill test the Prometedor target, located to the southeast of the Camp Zone, in 2020. The Company is conducting planning for a ZTEM survey of the Condor Project to commence before the end of 2019 to better understand geologic controls of the various mineralized and resource areas of the Condor Project.

At Pegasus, Anglo American has built a camp to serve as a base for exploration work, and it is currently in the process of permitting for initial drill testing. On Cascas, Quimi, La Canela and Tres Picachos Luminex plans to continue to carry out geological mapping, soil, rock and stream sediment sampling as well as airborne ZTEM geophysics.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30 2019 along with other public disclosure documents of the Company.

For the three and nine months ended September 30, 2019, the Company reported net losses of $2,385,547 and $5,224,950, respectively, compared to a net loss of $18,850,748 for the three months ended September 30, 2018 and $19,288,775 for the period from incorporation on March 16, 2018 to September 30, 2018. Further details of items impacting the Company's net loss are noted in the commentary that follows.

Exploration and Evaluation ("E&E") Assets (Mineral Properties)

The Company capitalizes costs incurred acquiring E&E assets and any required licenses related thereto with a term of more than one year. The Company's E&E assets at September 30, 2019 consisted of the Condor Project and various mineral concession rights that allow the Company to explore on concessions that were transferred as part of the Arrangement on August 31, 2018. At September 30, 2019, the carrying value of the Condor Project was $29,715,626 (December 31, 2018 - $29,715,626). An impairment of $17,772,284 was recorded on the Condor Project in the three months ended September 30, 2018 to reflect an estimate of its fair value at the time of the completion of the Arrangement in August 2018.

The Company also has certain mineral concession rights with a net book value totalling $2,605,000 (December 31, 2018 - $3,430,000) relating to concession areas transferred to Luminex from Lumina. These are detailed in Notes 6(a) and (b) to the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019. An impairment of $825,000 was recorded on the Orquideas concession in the three months ended September 30, 2019 following the withdrawal of First Quantum from its earn-in over Orquideas in August 2019 (see earlier in this MD&A for discussion of the First Quantum earn-in).

E&E expenditures are expensed to profit and loss as incurred. These expenditures are discussed below and are disclosed in Note 6(c) of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019.

Expenses

Exploration and evaluation expenditures

Total E&E expenses for the three and nine months ended September 30, 2019 were $1,598,623 and $3,795,450, respectively, compared to $704,916 for the three months ended September 30, 2018 and $1,035,174 for the period from incorporation on March 16, 2018 to September 30, 2018. These amounts do not include amounts incurred by Lumina on the mineral concessions prior to their transfer to Luminex on April 26, 2018, which amounts will count towards fulfilling commitments to the Government of Ecuador for minimum spending purposes to maintain mineral concessions in good standing. They also do not include amounts that have been funded or spent by Anglo American, BHP and First Quantum pursuant to their earn-in agreements; those amounts will also count towards the government-required spending commitments.

Further details on expenses as they relate to specific projects and concession areas are noted below.

Condor Project

The majority of the Company's E&E expenditures were on the Condor Project where E&E expenditures for the three and nine months ended September 30, 2019 and the three months ended September 30, 2018 and period from incorporation on March 16, 2018 to September 30, 2018 were as follows:

	Three months ended September 30,			
		2019		**2018**
Assays / Sampling	$	74,707	$	18,323
Camp		243,977		137,484
Camp access and improvements		33,249		32,445
Drilling		728,088		-
Environmental, Health & Safety		26,866		27,066
Field office		114,207		69,576
Geological consulting and field staff		224,128		122,229
Legal fees		19,815		2,084
Metallurgical		-		5,040
Mineral rights and property fees		42,311		-
Project management		36,983		34,204
Reports		6,170		-
Social and community		27,441		37,358
Transportation and accommodation		69,103		59,323
	$	1,647,045	$	545,132

		Nine months ended September 30, 2019		**Period from March 16, 2018 to September 30, 2018**
Assays / Sampling	$	122,040	$	32,765
Camp		570,130		220,806
Camp access and improvements		51,630		36,439
Drilling		939,822		-
Environmental, Health & Safety		70,541		45,553
Field office		263,410		104,338
Geological consulting and field staff		513,454		185,687
Legal fees		26,285		8,631
Metallurgical		-		5,040
Mineral rights and property fees		136,884		6,859
Project management		136,807		55,484
Reports		6,170		-
Social and community		57,723		55,198
Transportation and accommodation		187,762		104,528
	$	3,082,658	$	861,328

Expenditures on the Condor Project reflect ongoing exploration, management, camp, and support (social and environmental management) staff costs which are included in the field office category. The Company has been actively drilling at the Condor Project, notably on the Camp Zone as described earlier in this MD&A.

Other Projects

Details of expenses incurred on the Company's other projects can be reviewed in Note 6(c) to the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2019. A total of $292,915 and $1,054,129 (prior to recovery of expenses from BHP) was incurred on the Company's other projects during the three and nine months ended September 30, 2019.

The most significant areas for activity were the Orquideas, Quimi and Tarqui projects which had the following expenditures:

Orquideas Project	Three and nine months ended September 30, 2019	Three months ended September 30, 2018 and period from March 16, 2018 to September 30, 2018
Assays / Sampling	$ -	$ -
Camp	6,341	-
Camp access and improvements	404	-
Drilling	90,002	-
Environmental, Health & Safety	4,971	-
Field office	295	-
Geological consulting and field staff	11,789	6,282
Legal fees	1,221	-
Project management	2,340	-
Social and community	-	6,647
Transportation and accommodation	8,653	-
	$ 126,016	$ 12,929

As described earlier in this MD&A, the Company drilled one hole at the Orquideas Project during the three months ended September 30, 2019. Other work programs and activities at the Orquideas Project for the three and nine months ended September 30, 2019 were carried out by First Quantum.

Quimi Project	Three months ended September 30, 2019	2018
Assays / Sampling	$ 966	$ -
Camp	19,453	1,037
Camp access and improvements	2,861	-
Environmental, Health & Safety	2,148	333
Field office	181	-
Geological consulting and field staff	34,434	2,534
Legal fees	315	700
Project management	4,334	-
Social and community	6,856	5,449
Transportation and accommodation	10,513	3,222
	$ 82,061	$ 13,275

Quimi Project	Nine months ended September 30, 2019	Period from March 16, 2018 to September 30, 2018
Assays / Sampling	$ 6,779	$ -
Camp	45,654	1,037
Camp access and improvements	2,861	-
Environmental, Health & Safety	7,951	333
Field office	3,190	-
Geological consulting and field staff	120,694	2,534
Legal fees	315	700
Mineral rights and property fees	26,910	-
Project management	10,030	-
Social and community	35,860	6,346
Transportation and accommodation	27,752	3,222
	$ 287,996	$ 14,172

During the three and nine months ended September 30, 2019, the Company paid the 2019 annual concession fees for the Quimi Project and carried out initial work programs mainly consisted of rock sampling. In addition, the Company has focused on community engagement and has built an exploration base at Quimi, which is central to the detected soil copper anomalies.

Tarqui Project	Three months ended September 30, 2019	2018
Assays / Sampling	$ -	$ 18,273
Camp	4,140	13,018
Camp access and improvements	-	187
Environmental, Health & Safety	2,002	441
Field office	1,856	212
Geological consulting and field staff	19,532	26,406
Legal fees	-	1,400
Mineral rights and property fees	4,480	-
Project management	5,564	2,800
Social and community	13,543	12,627
Transportation and accommodation	8,252	15,175
Cost recovery from BHP	(341,337)	-
	$ (282,148)	$ 90,539

Tarqui Project	Nine months ended September 30, 2019	Period from March 16, 2018 to September 30, 2018
Assays / Sampling	$ 6,694	$ 18,273
Camp	58,595	13,018
Camp access and improvements	112	187
Environmental, Health & Safety	16,930	441
Field office	2,719	287
Geological consulting and field staff	145,516	26,406
Legal fees	2,258	1,400
Mineral rights and property fees	51,927	-
Project management	19,613	2,800
Social and community	62,262	14,739
Transportation and accommodation	53,658	15,175
Cost recovery from BHP	(341,337)	-
	$ 78,947	$ 92,726

During the three and nine months ended September 30, 2019, the Company paid the 2019 annual concession fees for Tarqui and conducted preliminary exploration work primarily consisting of grid soil sampling and collection of rock samples. In addition, the Company continued to carry out social and community engagement programs. As described earlier in this MD&A, effective July 12, 2019, the Tarqui Project has been subject to earn-in by BHP who are overseeing and carrying out ongoing work programs.

Other operating expenses

The Company's other expenses were as follows:

	Three months ended September 30, 2019	2018
Fees, salaries and other employee benefits	$ 238,201	$ 115,233
General and administration ("G&A")	60,301	67,095
Professional fees	127,224	136,233
	$ 425,726	$ 318,561

	Nine months ended September 30, 2019	Period from March 16, 2018 to September 30, 2018
Fees, salaries and other employee benefits	$ 702,015	$ 115,233
General and administration	174,721	67,660
Pre exploration and evaluation expenditures	19,667	-
Professional fees	434,412	244,761
	$ 1,330,815	$ 427,654

Fees, salaries and other employee benefits for the three and nine months ended September 30, 2019 include $67,448 and $203,033, respectively, of share-based payment expense ($Nil in the prior year periods). Fees and salaries paid in the periods ended September 30, 2018 were lower as the Company was still operating as a wholly-owned subsidiary of Lumina until September 2018. Professional fees for the three and nine months ended September 30, 2019 were higher primarily as a result of legal time incurred negotiating the earn-in agreement with BHP as described earlier in this MD&A.

Other income / (expenses)

The Company's other income / (expenses) were as follows:

	Three months ended September 30, 2019		2018	
Impairment	$	(825,000)	$	(17,772,284)
Interest income and other		486,116		8,894
Interest expense		(7,867)		(65,408)
Foreign exchange (loss) gain		(14,447)		1,527
	$	(361,198)	$	(17,827,271)

	Nine months ended September 30, 2019		Period from March 16, 2018 to September 30, 2018	
Impairment	$	(825,000)	$	(17,772,284)
Interest income and other		754,813		10,221
Interest expense		(14,259)		(65,408)
Foreign exchange (loss) gain		(14,239)		1,524
	$	(98,685)	$	(17,825,947)

As described earlier in this MD&A, the Company recorded impairments charges during the three months ended September 30, 2019 of $825,000 on Orquideas and, during the three months ended September 30, 2018, $17,772,284 on Condor. The Company's interest and other income for the nine months ended September 30, 2019 consisted primarily of (i) $150,000 annual earn-in payment fee received from First Quantum; (ii) $187,388 relating to the overhead and recovery fee charged to First Quantum pursuant to the Services Agreement with First Quantum as described earlier in this MD&A; (iii) $100,000 earn-in payment received from BHP; (iv) $300,000 annual earn-in payment from Anglo American; and, (v) interest earned on bank deposits and the Company's environmental deposit in the amount of $17,425.

Related Party Transactions

The Company incurred the following expenses with related parties:

Company	Nature of transactions	Three months ended September 30, 2019		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	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	Fees		-		1,536
Lyle E Braaten Law Corp.	Fees		46,519		5,113
		$	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 Gold Corp., relating to Luminex Services Ecuador LS-EC S.A., a wholly-owned subsidiary of the Company, which provides 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 in the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019 as a reduction of cost associated to E&E expenditures. The total amount charged to Odin for the three and nine months ended September 30, 2019 was $102,763 and $259,117, respectively.

SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The information presented below highlights the Company's unaudited quarterly results from its incorporation.

Three Months Ended:	September 30, 2019	June 30, 2019	March 31, 2019
Revenue	-	$ -	$ -
Expenses	(2,024,349)	(1,663,716)	(1,438,200)
Other (expenses) income	(361,198)	68,250	194,263
Net loss for the period	(2,385,547)	(1,595,466)	(1,243,937)
Net loss for the period attributable to owners of the Company	(2,234,702)	(1,525,123)	(1,190,705)
Basic and diluted loss per share attributable to owners of the Company	(0.04)	(0.04)	(0.03)

	Three months ended December 31, 2018	Three months ended September 30, 2018	Three months ended June 30, 2018	Period from March 16, 2018 to March 31, 2018
Revenue	$ -	$ -	$ -	$ -
Expenses	(1,968,165)	(1,023,477)	(439,351)	-
Other income (expenses)	23,287	(17,827,271)	1,324	-
Net loss for the period	(1,944,878)	(18,850,748)	(438,027)	-
Net loss for the period attributable to owners of the Company	(1,878,809)	(17,028,898)	(406,878)	-
Basic and diluted loss per share attributable to owners of the Company	(0.05)	(1.23)	(540.52)	-

The Company was incorporated on March 16, 2018 and initially operated as a subsidiary of Lumina pending completion of the Arrangement on August 31, 2018. The Company had no operations until April 26, 2018 when the Condor Project and other assets and liabilities were transferred from Lumina in connection with the Arrangement. The activities of the Company have been described earlier in this MD&A, in particular in the sections "Overview of significant events and review of activities" and "Review of Financial Results." Overall activity levels were broadly consistent during the three months ended September 30, 2018, December 31, 2018 and March 31, 2019 with regard to exploration and evaluation work programs and personnel. The net loss for the three months ended September 30, 2018 consisted in large part of the impairment of $17,772,284 recorded on the Condor Project following its transfer to Luminex as part of the spin-out from Lumina.

The Company's expenses for the three months ended December 31, 2018 increased by $944,688 compared to the three months ended September 30, 2018, primarily as a result of (i) share-based payment expense relating to stock options granted in October 2018; (ii) year end bonus payments to personnel in Canada and Ecuador; and (iii) additional geological consulting and evaluation work carried out on the Condor Project relative to the prior three-month period ended September 30, 2018. During the three months ended March 31, 2019, the Company reverted to a more "normal" expense pattern for the early stage exploration activities being conducted on its various mineral projects in Ecuador. This was expanded in the three months ended June 30, 2018 as the Company undertook a 4-hole drill program at the Condor Camp Zone. In addition, legal expenses increased in the three months ended June 30, 2019 as the Company negotiated with BHP.

For the three months ended September 30, 2019, the Company's expenditures increased primarily as a result of ongoing drilling on the Condor Project for which $728,088 was incurred in the quarter. The Company also recorded an impairment charge of $825,000 relating to Orquideas during the three months ended September 30, 2019, which expense was partially offset by income of $486,116 which included a $100,000 option payment from BHP and $300,000 earn-in payment from Anglo American.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's expenses and mineral property costs is provided earlier in this MD&A and in Note 6 of the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2019, the Company had cash of $4,954,752 compared to cash of $3,384,161 at December 31, 2018. The Company's working capital balance at September 30, 2019 was $4,089,877 compared to $2,850,607 at December 31, 2018. The Company's cash at September 30, 2019, was sufficient to meet the Company's current accounts payable and accrued liabilities at that date.

Working capital is defined as current assets minus current liabilities. Working capital calculations or changes are not measures of financial performance, nor do they have standardized meanings, under IFRS. Readers are cautioned that this calculation may differ among companies and analysts and therefore may not be directly comparable. Management believes that disclosure of the Company's working capital is of value to assess the available capital resources of the Company at a reporting period end.

At September 30, 2019, approximately $4,547,000 of the Company's cash and cash equivalents were held at Scotiabank, a major chartered bank in Canada, and approximately $408,000 was held at a bank in Ecuador. Management is not aware of any liquidity issues associated with any of the banks in which funds have been deposited.

The Company had no long-term debt obligations or off-balance sheet arrangements at September 30, 2019.

In order to keep its mineral concessions in Ecuador in good-standing, the Company is required to meet certain spending commitments each year. Further details on the commitments are provided in Note 18 of the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2019. Those disclosures and the commitment amounts below exclude amounts for the Pegasus Project, which is being managed by Anglo American and the Tarqui Project which is subject to earn-in by BHP. For 2019, the Company has a commitment of $503,000 on its projects, of which $357,000 overlaps with the four-year commitment as described below. The Company has incurred spending above this amount in the nine months ended September 30, 2019.

For the mineral concessions that were received via tender process, the Company has four years from the concession registration date to satisfy the full amount that was committed in the tender process or the concession will be forfeited. The below chart sets out for each concession (or group of concessions) obtained and held at September 30, 2019, the total four-year commitment, amounts incurred by the Company, and which the Company believes are acceptable to be compliant under the four-year reporting rules, and remaining total commitment amount (assuming all concessions are retained):

Concession Name		Total Four-year Spending Commitment		Company spend to December 31, 2018		Remaining Four-year Commitment[3]
Cascas (2 concessions)[2]	$	2,338,430	$	254,042	$	2,084,388
Escondida & Santa Elena[1]		2,507,165		164,995		2,342,170
La Canela		2,052,253		218,494		1,833,759
Orquideas[2]		6,058,333		1,344,244		4,714,089
Quimi (2 concessions)		2,035,300		258,128		1,777,172
Tres Picachos		2,050,248		399,630		1,650,618
TOTAL	**$**	**17,041,729**	**$**	**2,639,533**	**$**	**14,402,196**

(1) Concessions now included in the Condor Project.
(2) Amounts exclude expenditures incurred by First Quantum in 2018 and 2019 totalling approximately $372,000 for Cascas and $2,163,000 for Orquideas.
(3) The disclosed remaining four-year commitment includes a total of $406,000 related to minimum spending commitments for 2019, which amount is included in the total of $503,000 as disclosed above.

As at September 30, 2019, the Company estimates the remaining four-year commitments on the concessions subject to earn-in by Anglo American and BHP are as follows: (i) the Pegasus Project is fully expended except for the Luz concession for which approximately $2.1 million remains to be spent; and (ii) the Tarqui concessions is approximately $250,000.

To date, the capital requirements of the Company have been met by contributions from Lumina and equity proceeds. As noted in Note 2(b) to the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2019, the Company has incurred cumulative losses of $24,265,115 and will continue to incur losses in the development of its business. The Company's ability 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 Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests, or a combination thereof. The ability to raise additional financing for future activities may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company, such as uncertainty in the capital markets, depressed commodity prices or country risk factors. This exposure is discussed in more detail in the "Risks and Uncertainties" section of this MD&A. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

FINANCIAL INSTRUMENTS

At September 30, 2019, the Company's financial instruments consist of cash, receivables, environmental deposit and accounts payable and accrued liabilities. Fair value estimates are made at the balance sheet date based on generally accepted pricing models, discounted cash flow analysis or using prices from observable current market transactions. These estimates are subjective in nature and may involve significant uncertainties in matters of judgment and, therefore, cannot be determined with precision. The fair values of the Company's financial instruments approximate their carrying values due to their short terms to maturity or capacity for prompt liquidation and the interest rates being charged or earned on these amounts.

The Company's financial instruments have been classified as follows under IFRS:

- Cash: amortized cost.
- Receivables: amortized cost.
- Environmental deposit: amortized cost.
- Accounts payable and accrued liabilities: amortized cost.

The types of financial risk exposure and the way in which such exposure is managed by the Company is as follows:

Credit Risk

It is management's opinion that the Company is not exposed to significant credit risk arising from the above-noted financial instrument assets, as disclosed in Note 14(a) to the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019.

The Company's exposure to credit risk on its cash is limited by maintaining this asset with high-credit quality financial institutions. The Company may be exposed to the credit risk of its banks in Ecuador which hold cash for the Company's Ecuadorian operations. The Company limits its exposure to this risk by maintaining minimal cash balances in Ecuador, normally sufficient to fund the next month's operations.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its obligations. The Company typically forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash on hand, disposition of assets, accessing capital markets and/or loan advances.

At September 30, 2019, the Company's current liabilities consisted of accounts payable and accrued liabilities of $1,257,821 which are due primarily within the next quarter. The Company's cash of $4,954,752 at September 30, 2019 was sufficient to pay the accounts payable and accrued liabilities.

Market Risks

The market risks to which the Company is exposed are interest rate risk and currency risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of the Company will fluctuate because of changes in market interest rates. Included in net loss for the three and nine months ended September 30, 2019 is interest income earned on the Company's cash. Based on the Company's cash at September 30, 2019, and assuming that all other variables remain constant, a 1% increase or decrease in interest rates would result in an increase or decrease to the Company's interest income of approximately $49,500 (on an annualized basis).

Currency Risk

The functional currency of the Company and its subsidiaries is the U.S. dollar. The carrying amounts of monetary assets and 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 Company is exposed to foreign exchange and currency risks arising from fluctuations in foreign exchange rates among the U.S. dollar and Canadian dollar and the degree of volatility of these rates. The Company keeps the vast majority of its cash in U.S. dollars. Canadian G&A expenses are primarily paid in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign exchange and currency risks.

At September 30, 2019, the Company's cash was primarily held in U.S. dollars as disclosed in Note 3 of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019. The Company estimates that a 1% fluctuation in foreign currency exchange rates of the Canadian dollar compared to the U.S. dollar would have not have a material impact to the results of operations based upon the foreign currency financial instruments (including cash) held at September 30, 2019.

SHARE CAPITAL

As at the date of this MD&A, the Company had the following securities issued and outstanding:

Common shares:	52,979,608	
Common share purchase options:	3,286,973	exercisable between CAD$0.25 - CAD$0.80 per option.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The Company evaluates its estimates on an ongoing basis and bases them on various assumptions that are believed to be reasonable under the circumstances. The Company's estimates are used for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results are likely to differ from these estimates. Should the Company be unable to meet its ongoing obligations, the realizable value of its assets may decline materially from current estimates.

The accounting policy estimates and judgments described below are considered by management to be essential to the understanding and reasoning used in the preparation of the Company's consolidated financial statements and the uncertainties that could have a bearing on its financial results. Further details, and a description of certain other areas of estimation and judgment, can be found at Note 2(d) in the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019.

Going concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. As disclosed in Note 2(b) of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019, the Company has incurred cumulative losses of $24,265,115. The ability of the Company 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 Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests or a combination thereof. Factors that the Company evaluates include forecasts, the ability to reduce expenditures if required, and indications of shareholder support.

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that 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.

Share-based payments

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.

Right-of-use ("ROU") assets and lease obligations

The application of IFRS 16 (see additional details below) requires the Company 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 Company 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 Company in the relevant jurisdiction of the lease agreement at the time the lease agreement commences or is modified.

CHANGES IN ACCOUNTING STANDARDS

The IASB, from time to time, issues new accounting standards that may impact the Company's current or future financial statements:

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.

The Company 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 Company 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 Company 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 assets and lease obligations:

At lease commencement, the Company 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 Company'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 Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company 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 Company 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.

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many kinds of risks, including, but not limited to, operational, technical, environmental, labour, social, political, regulatory, security, financial, economic, and metals pricing. Additionally, often due to factors that cannot be predicted or foreseen, few exploration projects successfully achieve development. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not listed in order of importance, nor are they inclusive of all the risks and uncertainties the Company may be subject to, and therefore other risks may apply.

- *Mineral exploration inherently involves a high degree of risk. All of the mineral property interests of the Company are in the exploration stage and, consequently, may not result in any commercial discoveries.*

Mineral exploration involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. The property interests owned by the Company are in the exploration stage only, are without known bodies of commercial mineralization and the Company has no ongoing mining production at any of them. The Company's mineral exploration activities may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations. As well, the exploration and development activities of the Company may be disrupted by a variety of risks and hazards, which may be beyond the control of the Company. These risks include, but are not limited to, social and political activism and strife, litigation, labour stoppages, the inability to obtain adequate power, water, trained professionals and labour, including consultants or other experts, as well as suitable machinery and equipment. In addition, the Company may be unable to acquire or obtain such necessities as water and surface rights, which may be critical for the continued advancement of exploration and development activities on its mineral property rights.

- *Government expropriation may result in the total loss of the Company's mineral property interests.*

Even if the Company's mineral property interests are proven to host economic mineral resources, governmental expropriation may result in the total loss of the Company's mineral property interests without any compensation to the Company. Similarly, expropriation or shutdown of financial institutions or other entities the Company does business with could impact operations. Further, expropriation of or legal uncertainty affecting other businesses, in mining or other industries, could impact the Company's ability to operate and obtain financing, as well as its strategic options. Finally, expropriation need not be outright, there are many forms of creeping expropriation, through taxation and other mechanisms, that if applied could negatively impact the company's operations and prospects.

- *Governmental regulation may have negative impacts on the Company.*

The Company's assets and activities are subject to extensive Canadian and Ecuadorian federal, state, provincial, territorial and local laws and regulations governing various matters, including, but not limited to:

- land access, use and ownership;
- water use;
- environmental performance and protection;
- land use designations;
- social consultation and public referendums;
- corporate social responsibility;
- management and use of toxic substances and explosives;
- rights over and management of natural resources, including minerals and water;
- prospection, exploration, development and construction of mines, production and reclamation;
- exports and imports;
- taxation;
- mining royalties;
- restrictions on the movement of capital into and out of Ecuador (which could impact the Company's ability to repatriate funds and therefore, pay dividends);
- importation of equipment and goods;
- transportation;
- hiring practices and labour standards by the companies and contractors, as well as occupational health and safety, including mine safety;
- reporting requirements related to investment, social and environmental impacts, health and safety, and other matters;
- processes for preventing, controlling or halting artisanal or illegal mining activities; and,
- historic and cultural preservation.

The costs associated with legal and regulatory compliance with laws and regulations are already substantial and future laws and regulations, changes to existing laws and regulations, or more stringent or modified application and enforcement of current laws and regulations by governmental or judicial authorities, could generate additional expenses, capital expenditures, delays in the development of the Company's properties, and even restrictions on or suspensions of Company operations. Moreover, laws and regulations could allow governmental authorities and private parties to bring complaints or lawsuits against the Company based upon alleged damage to property and/or injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, or possibly even actions or inaction by third parties, including those from whom the Company acquired its properties, and could lead to the imposition of substantial financial judgments, fines, penalties or other civil or criminal sanctions.

It is a challenge to comply strictly with all of the norms that apply to the Company. The Company retains competent and well trained management, staff, professionals, attorneys, advisors and consultants in the different jurisdictions in which it does business; however, there is no certainty that both it and its contractors will continuously be compliant with all applicable laws and regulations. The failure to comply with all applicable norms could lead to financial restatements, fines, penalties and other material negative impacts on the Company.

- *Failure to comply strictly with applicable mining laws, regulations and local practices may have a material adverse impact on the Company's operations or business.*

While the Company seeks to fully comply with applicable laws, regulations and local practices, failure of the Company or government officials to comply strictly with applicable laws, regulations and local practices, including those relating to mineral rights applications and tenure, could result in processes that threaten loss, reduction, cancellation or expropriation of entitlements, or the imposition of local or foreign parties as joint venture partners with carried or other interests. Any such loss, reduction or imposition of partners could have a material adverse impact on the Company's operations or business. Furthermore, increasing complexity or novel judicial or regulatory interpretations of mining laws and regulations may render the Company incapable of strict compliance.

- *The exploration and the development of the Company's property interests are subject to extensive laws and regulations governing health, safety, environment and communities.*

The Company's exploration and mine development activities are subject to extensive laws and regulations governing the protection of the environment and water, waste disposal, worker and community safety, employee health, mine development, and preservation of archaeological remains, endangered and protected species, as well as extensive reporting and community engagement requirements, and more. The Company's ability to obtain permits and other approvals and to successfully operate in particular locations may be adversely impacted by real or perceived detrimental events associated with the Company's activities or those of other mining companies or associations, or even artisanal or illegal miners affecting the environment, human health, and safety of nearby communities, both within and outside of Ecuador. Delays in obtaining or failure to secure government permits and approvals, or to secure evictions of illegal miners or other invaders, may adversely affect the Company's ability to access, explore or develop its properties. The Company has made, and expects to make in the future, significant expenditures to comply with laws and regulations and to the extent reasonably possible, generate social and economic benefit in nearby communities. Persistently, areas in the Company's mineral properties are occupied by illegal miners, and these incidents are reported and dealt with by the Company using procedures available to it under Ecuadorian law. The Company, however, may be required to remediate areas on its concessions impacted by the activities of third parties. Future changes to environmental laws, regulations and permitting processes or changes in their enforcement or regulatory interpretation could have an adverse impact on the Company's operating and financial condition.

- *The Company´s ability to operate on its concessions depends on its ability to obtain and maintain social licenses.*

The Company´s concessions are in close proximity to, or in some cases overlap with, local communities, and it often needs local approvals in order to access these areas and/or operate. The Company often enters into agreements with local communities, groups or individuals that address surface access, road or trail usage, local employment, contracting of goods and services, and other key issues. The ethnic composition, social organization and landownership structure of the communities differ on a case-by-case basis, as do the Company´s exploration requirements and impacts. Similarly, local concerns regarding environmental and social impacts, both current and historic, including pressures and worries related to the activities of illegal miners, as well as expectations related to Company employment, social investment programs and other benefits vary from place to place. Every local stakeholder relationship, however, requires ongoing dialogue and relationship management. For these purposes, the Company has assembled a Community Relations team, led by experienced professionals and, when necessary, supported by expert consultants, who develop and execute social communications strategies and implementation plans aimed at creating sustainable and enduring relationships based on collaboration, shared interests and trust. Events do not always unfold as intended or according to plan, however, and the status of relations can deteriorate for any number of reasons, including, but not limited to: influences of local or external political or social actors or organizations, shifts in the agendas or interests of individuals or the community as a whole, or the Company´s inability to deliver on community expectations or its commitments. The Community Relations team is prepared to manage such situations and issues are usually resolved through dialogue within a reasonable timeframe. However, if under extreme circumstances the Company were to lose its social license with one or more communities and be unable to recover it, this could impact the viability of the related project.

Additionally, in recent years, local political and social groups or organizations, including indigenous confederations, at times funded at least in part by international nongovernmental organizations, have increased their activism against extractive industries in Ecuador. Activists have taken such actions as road closures, work stoppages and, attacking private property. Earlier this year, anti-mining activists in Ecuador succeeded in bringing about a public vote on mining activity in a canton in the highlands near a significant mining project, however subsequent efforts to promote similar votes at cantons near another major project and all of Azuay Province were disallowed by the Constitutional Court. Activists have also brought claims before the courts seeking to constitutionally enjoin mining companies from advancing projects until the Government of Ecuador complies with its commitments under article 57 of the Constitution of the Republic of Ecuador and the ILO convention, which requires free, prior and informed consultation to aboriginal or indigenous communities. Such initiatives may have a material adverse effect on the Company's operations and on its financial position, cash flows and results of operations.

- *The Company's properties are subject to pressure from artisanal and illegal miners.*

Several of the Company's concessions are located close to, or may even encompass, communities with a long-standing or recent history of artisanal, often illegal, mining. Limited economic opportunities in some areas contribute to making gold mining an attractive field of work for local individuals and small associations and companies, who at times view areas located in the Company's concessions as attractive targets for alluvial or hard rock mining; activity levels vary with the rise and fall of the market price for gold. In some cases, the local operators (occasionally financed by outsiders), having exhausted development opportunities at their current location, may seek to expand or relocate their activities into areas controlled by the Company; in other instances, illegal miners may relocate to one of the Company's concession areas in response to government pressure that has shut down their prior operations. Local and national political and regulatory authorities may come under pressure to support or not impede the ambitions of these local actors, or even be involved in some manner in backing such operations. The Company monitors local mining activities and is in regular contact with law enforcement, regulatory, and political authorities to anticipate and manage issues as they arise, however not every incursion can be readily identified, let alone terminated. Furthermore, there is a risk that in the future, due to political or social factors, regulators may make decisions to grant access to artisanal miners that impact the viability of Company projects.

- *The Company may not be able to obtain or renew permits that are necessary for its operations.*

In the ordinary course of business, the Company is required to obtain, as well as renew, government permits required to conduct exploration and development activities and any ultimate development, construction and commencement of new mining operations. Obtaining or renewing necessary permits can be a complex and time-consuming process, which at times may involve several political jurisdictions and different government agencies that may not have the necessary expertise, resources or political disposition needed for efficient and timely processing, and may require public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by permitting authorities, the expertise or diligence of civil servants, challenges presented by social and political actors, and the timeframes for agency decisions. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could slow exploration and/or development or impede the eventual operation of a mine and could adversely impact the Company's operations and profitability.

- *The Company has no significant source of operating cash flow and failure to generate revenues in the future could cause it to go out of business.*

The Company has no revenues from ongoing operations and has recorded significant accumulated losses. Based upon current plans, the Company expects to incur operating losses in future periods due to ongoing expenses associated with the holding, exploration and development of the Company's mineral property interests. The Company will likely continue to have limited financial resources and its ability to achieve and maintain profitability and positive cash flow will remain dependent upon the Company being able to:

  - develop and/or locate a profitable mineral property;
  - generate revenues in excess of expenditures; and,
  - minimize exploration and administrative costs in the event revenues and/or financing availability are insufficient, in order to preserve available cash.

In order to stay in business, in the absence of positive cash flow from operations, the Company will have to raise funding through financing activities. However, in the event if needs to do so, there is no certainty the Company will be able to raise funds at all or on terms acceptable to the Company. Furthermore, additional funds raised by the Company through the issuance of equity or convertible debt securities would cause the Company's current shareholders to experience dilution. Such securities also may grant rights, preferences or privileges senior to those of the Company's common shareholders.

The Company does not have any contractual restrictions on its ability to incur debt and, accordingly, the Company could incur significant amounts of indebtedness to finance its operations. Any such indebtedness could contain restrictive covenants, which likely would restrict the Company's operations.

- *The mineral exploration industry is intensely competitive in all its phases and the Company competes with many companies, including those possessing greater financial resources and technical capabilities.*

The mineral exploration industry is intensely competitive in all its phases. The Company competes with many companies, including those possessing greater financial resources and technical capabilities, for the acquisition of mineral concessions, claims, leases, other mineral interests, and equipment required to conduct its activities as well as for the recruitment and retention of qualified employees, and contracting of attorneys, consultants and technical experts. Ecuador is an emerging mining country with two large mines that only just commenced production in November 2019 and as a result mining expertise is limited and competition for qualified nationals is particularly intense.

- *Even if the Company makes a discovery of commercial quantities of minerals, there is no assurance that there will be market demand for the resource and that the investment will earn an adequate return.*

There is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals discovered. These factors include: market fluctuations; domestic and international economic trends and political events; inflation or deflation; currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies); interest rates and global or regional consumption patterns; speculative activities; and, government laws and regulations, including those relating to prices, taxes, royalties, land tenure, land use, labour, importing of equipment, importing and exporting of minerals, and environmental protection. The exact effect of any of these factors cannot be accurately predicted, but a combination of them may result in the Company not receiving an adequate return on invested capital or losing its invested capital.

- *Substantial expenditures are required to be made by the Company to establish mineral reserves and the Company may either not discover minerals in sufficient quantities or grades or not be able to obtain the required funds to develop a project on a timely basis.*

Substantial expenditures are required to establish mineral reserves through drilling and the estimation of mineral reserves or mineral resources in accordance with the Canadian Institute of Mining (CIM) Guidelines. Although significant benefits may be derived from the discovery of a major mineralized deposit, the Company may not discover minerals in sufficient quantities or grades to justify a commercial mining operation and the funds required for development may not be obtained on a timely basis or may not be obtainable on terms acceptable to the Company. Estimates of mineral reserves and mineral resources can also be affected by environmental factors, unforeseen technical difficulties and unusual or unexpected geological formations. In addition, the grades of minerals ultimately mined may differ from those indicated by drilling results. Material changes in mineral reserve or mineral resource estimates, grades, stripping ratios or recovery rates may affect the economic viability of any project.

- *Risks relating to inaccurate estimates of mineral resources, production, purchases, costs, decommissioning or reclamation expenses.*

Unless otherwise indicated, mineralization figures presented by the Company, in filings with securities regulatory authorities, press releases and other public statements that may be made from time to time, are based upon estimates made by Company personnel and independent geologists. These estimates are inherently imprecise, as they depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. As a result, there can be no assurance that mineral resource or other mineralization figures or estimates of costs (including initial capital costs and initial capital intensity) and expenses will be accurate, nor that the resource mineralization could be mined or processed profitably.

The Company has not commenced production at any of its properties, nor defined or delineated any proven or probable mineral reserves. Therefore, the mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by and inferred from drilling results. Furthermore, there can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or at production scale. As a result, the mineral resource and mineral reserve estimates that may be contained in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. In addition, extended declines in market prices for gold or other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization.

The estimated parameters for the Company's projects may be changed as development and mining plans are generated and refined. These parameters would include estimates of how plants, equipment and processes may operate in the future at the Company's projects, for which cost and productivity estimates may prove to be incorrect.

Any material alteration in the above noted estimates, or of the Company's ability to extract mineralization from its projects, could have a material adverse effect on the Company's results or financial condition.

- *The inherent operational risks associated with mining, exploration and development, many of which are beyond the Company's control.*

The Company's activities are subject to a high degree of risk due to factors that, in many cases, cannot be foreseen or anticipated, or controlled. These risks include but are not limited to: tectonic or weather activity that may provoke landslides, damage infrastructure or other impacts; labour disruptions; legislative and regulatory changes; crime, including corruption; the inability to obtain adequate sources of power, water, labour, suitable or adequate machinery and equipment, and service providers, including drilling and engineering contractors, expert attorneys and consultants. In addition, the Company may be unable to acquire or obtain such requirements as water rights, easements and surface rights, which may be critical for the continued advancement of exploration, development and operational activities on its mineral concessions. Furthermore, the Company is currently involved in a number of regulatory and legal processes where, in spite of its best efforts and those of its legal advisors and consultants, results are uncertain. These processes could generate delays and adverse decisions and could negatively impact project development and the Company's prospects.

- *Inadequate infrastructure may adversely affect the Company's operations and profitability.*

Mining, development, exploration and production activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power and fuel sources, as well as water supplies are important determinants which affect capital, as well as operating costs and safety. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development of the Company's projects. If adequate infrastructure is not accessible, there can be no assurance that the development of the Company's projects will commence or be completed on a timely basis, if at all. In addition, unusual or infrequent weather phenomena, tectonic activity, sabotage, government, social or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.

- *The Company currently has limited insurance covering its assets and operations and, as a consequence, could incur considerable costs.*

Mineral exploration involves risks, which, even with a combination of experience, knowledge and careful evaluation, mining exploration companies may not be able to overcome. Operations in which the Company has a direct or indirect interest may be subject to all the hazards and risks normally incidental to exploration of precious and non-precious metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The Company presently has very limited commercial liability insurance and does not intend to increase its liability insurance. As a result of having limited liability insurance, the Company could incur significant costs that may have a materially adverse effect upon its financial condition and even cause the Company to cease operations.

- *The Company's mineral or surface property interests may be subject to prior unregistered agreements or transfers and therefore title to some of the Company's property interests may be affected.*

Although the Company has sought and received such representations as it has been able to achieve from vendors in connection with the acquisition of, or options to acquire, an interest in its mining properties and surface rights, and has conducted reasonable investigations of legal title to each such property, the properties in which the Company has an interest may be subject to prior unregistered agreements or transfers or native land claims, or it is possible that title may be affected by undetected defects.

- *The prices of gold, copper, and other base and precious metals have fluctuated significantly in recent years and may adversely affect the economic viability of any of the Company's mineral properties.*

The Company's revenues, if any, are expected to be almost entirely derived from the mining and sale of gold, copper and other metals. The prices of those commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control, including: international economic and political trends; expectations of inflation; currency exchange fluctuations; interest rates; consumption patterns; speculative activities; and, increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of gold and copper, as well as other precious and base metals, and, therefore, on the economic viability of any of the Company's mining properties, cannot be accurately predicted, but nonetheless may adversely impact the Company's ability to raise capital and conduct its operations.

- *All of the Company's subsidiaries and its mineral properties are in a foreign country and, therefore, a large portion of the Company's business may be exposed to political, economic, social, security, and other risks and uncertainties.*

The Company's mineral properties, and related subsidiaries, are located entirely in Ecuador. It may, therefore, be exposed to various types and degrees of security, economic, labour, political, social and other risks and uncertainties. These risks and uncertainties include, but are not limited to: terrorism; hostage taking; military repression; high rates of inflation; labour unrest; war or civil unrest; creeping or outright expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts, including by way of invalidation of governmental acts; artisanal and illegal mining operations and the government's enforcement of norms restricting these activities; changes in taxation and mining-related laws and regulations; trade protectionism, including restrictions or tariffs on imports; changes to the foreign exchange regime; changes to the currency regime; currency controls; restrictions on repatriation of funds; changing political conditions, including electoral results; challenges to the validity of governmental acts; litigation and judicial decisions, including approval of processes for popular votes to ban mining in different jurisdictions, that run counter to the Government's pro-mining policies, possibly precipitated by activists or indigenous groups opposed to extractive industries and/or foreign investment; corrupt or unethical behaviour by government officials or agents, judges, and even Company employees; and, governmental regulations that may favour or require the awarding of contracts to local contractors or require foreign contractors to employ residents of, or purchase supplies from, a particular jurisdiction. The reputation of Ecuador as a developing nation, perceived by many as having a track record of political instability and measures contrary to attracting investment in the mining sector and other areas of the economy, may make it more difficult for the Company to obtain required exploration and development financing for its projects.

Changes in mining or investment policies or shifts in political and public attitudes in Ecuador, its provinces, or local political jurisdictions, may adversely affect the Company's operations or potential profitability. Operations may be affected in varying degrees by modifications to governmental legislation, regulations and pronouncements with respect to, but not limited to: restrictions on production; price controls; export controls; currency remittances; taxes, including income taxes, property taxes, value added taxes, capital gains taxes, windfall taxes, and the sovereign adjustment tax; royalties; expropriation of property; foreign investment; maintenance of claims; the environment; land use, including territorial bans on different types of mining activities or outright cancellation of mining rights; land claims or other demands by local people; social consultation and other permitting requirements; large mining activity, including exploration; artisanal and illegal mining operations; labour; transportation; water use; imports and exports; and, mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in cancellation, loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The impact of one or more of these various factors and uncertainties, none of which can be accurately predicted, could have an adverse effect on the Company's operations or potential profitability.

- *The Company's foreign subsidiary operations may impact its ability to fund operations efficiently, as well as the Company's valuation and stock price.*

The Company conducts operations through foreign subsidiaries and substantially all of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

- *The value of the Company's common shares, as well as its ability to raise equity capital, may be impacted by future issuances of shares.*

The Company is authorized to issue an unlimited number of common shares without par value. The Company may issue more common shares in the future. Sales of substantial amounts of common shares (including shares issuable upon the exercise of stock options), or the perception that such sales could occur, could materially adversely affect prevailing market prices for the common shares and the ability of the Company to raise equity capital in the future.

- *The Company's future performance is dependent on key personnel. The temporary or permanent loss of the services of any of the Company's and its subsidiary's executives or directors could have a material adverse effect on the Company's business.*

The Company's performance is substantially dependent on the performance and continued efforts of the Company's executives and its board of directors. The loss of the services of any of the Company's executives or directors could have a material adverse effect on the Company business, results of operations and financial condition. The Company currently does not carry any key person insurance on any of its executives or directors. The Company has limited resources and is currently unable to compete with larger organizations with respect to compensation and perquisites.

- *The Company is exposed to financial risk arising from fluctuations in the exchange rates between the U.S. dollar and Canadian dollar.*

While the Company and its subsidiaries incur the majority of their expenditures in U.S. dollars, corporate G&A expenses are primarily paid in Canadian dollars. Thus, the Company is exposed to financial risk arising from fluctuations in the exchange rates between the U.S. dollar and Canadian dollar, and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risks.