LUMINEX RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

TSX-V: LR

www.luminexresources.com

LUMINEX RESOURCES

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For the Year Ended December 31, 2021 **April 21, 2022**

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".

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 audited consolidated financial statements of the Company and the notes thereto for the years ended December 31, 2021 and 2020, and, consequently, should be read in conjunction with the aforementioned financial statements and notes thereto.

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 financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). The Company's audited consolidated financial statements for the years ended December 31, 2021 and 2020 were prepared in accordance with IFRS.

Leo Hathaway, P.Geo., 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 ongoing evaluation and management of the impacts of COVID-19 and its variants;
- the Company's strategic objectives and going-forward plans;
- the results of the Company's Preliminary Economic Assessment ("PEA") on the Condor Project and any related follow up activities;
- the Company's acquisition of concessions and projects, and the regulatory reporting and amount of human and financial resources invested to maintain the concessions in good regulatory and social standing, including those concessions subject to earn-in by other companies;
- the Company's and its earn-in partners' plans and activities to continue or initiate exploration and drilling programs at the Company's projects;
- timing and plans for future exploration and development work and expenditures on the Company's projects;
- estimates of mineral resources and potential economic recoveries at the Company's projects;
- estimates and / or forecasts of future metals prices;
- possible discoveries or extensions of new mineralization, increases or upgrades to reported mineral resource estimates at the Company's projects, or general expected results of the Company's activities;
- the Company's ongoing case by case evaluation whether to advance projects internally, seek strategic partners for concessions acquired by tender process in Ecuador or to initiate further exploration, project engineering and development studies on its individual assets;
- the Company´s ability to execute strategic initiatives, including entering into agreements with strategic partners for further development of concessions;
- the Company's ability to comply with auction, permitting and regulatory requirements related to exploration and development and related operations, as well as any associated costs and timing;
- the Company's plans, actions and timing to renounce any non-core concessions or parts of concessions;
- the Company's ability to manage relations with economic, political and social stakeholders;
- the Company´s ability to secure and maintain access to surface lands needed for its operations;
- the Company's expectation that global geopolitical and macroeconomic developments will continue to drive sustained improvements in copper and gold markets in the medium to long term;
- the Company's expectation that conditions for the Ecuadorian mining industry, including governmental support, will continue to evolve in a positive direction and that Ecuador will remain a jurisdiction that is increasingly attractive to international mining investors;

- the Company's expectation that the Government of Ecuador will maintain the national policy of making Ecuador an attractive destination for long-term formal mining investment, continuing to build on recent mining, legal and regulatory reforms;
- the Government of Ecuador's actions, including efforts to improve and enforce the legal and regulatory framework for mining, uphold the rule of law, combat illegal mining, respond adequately to legal and social strategies of anti-mining activists, and implement another mining concession tender process or otherwise reopen the mining cadastre;
- the Company's ability to identify and, with or without government support, control incursions by informal / illegal miners into and around its concessions;
- legislative and regulatory reform processes, including those related to the fiscal and permitting regimes, and their potential effects on Luminex;
- 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 efforts to monitor and interpret market and economic, political and social conditions (globally and in Ecuador);
- the mining assets and properties acquired by the Company being and remaining attractive investment opportunities;
- the Company's ability to continue as a going concern;
- the impact of changes in accounting standards on the Company; and,
- other risks and uncertainties related 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", "objective", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or information 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 mineral 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 and events; expected Ecuador national, provincial and local government policies, including legal and regulatory reforms; and, ability to successfully raise or otherwise access 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 the impacts of epidemics, pandemics and other health issues, including COVID-19 and its variants, internationally, nationally across Ecuador, and in the locations where the Company operates as well as the timing or availability of cures and rollout of preventative vaccines in Ecuador and North America;
- risks relating to price fluctuations for gold, copper, and other precious and base metals;
- risks inherent in mineral resource estimation;
- risks relating to government 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 leadership, in the executive and legislature, through elections or otherwise, as well as the impacts these may have on general, environmental, and mining specific public policies, laws and regulations, administrative agencies and other governmental institutions, such as the Ombudsman and the judiciary, and legal, political, and social stability;
- risks relating to changes in the leadership of local parishes and communities and local, regional and national indigenous organizations, and the impacts these may have on local attitudes and actions towards legal and illegal mining in general, as well as the Company and its activities and plans;
- risks relating to governmental policies, administrative and social investment initiatives and measures, including: austerity and efficiency programs; reorganization and restructuring, including consolidation or decentralization of ministries and agencies and leadership changes at government bodies, such as the Ministry of Energy and Non-Renewable Natural Resources, Ministry of Environment, Water and Ecological Transition, and the Agency for Regulation and Control of Non-Renewable Natural Resources ("ARCERNNR", formerly "ARCOM"); modifications to agency competencies and administrative processes; staffing changes and reductions; and, proposals for public-private partnerships to invest in social programs or infrastructure in local communities and municipalities;
- risks relating to shifts in mining policies under new governmental administrations and possible effects on permitting, oversight, enforcement and any of their other legal and regulatory responsibilities;
- risks relating to lack of technical preparedness or ethical fitness of national, provincial and local authorities across the different branches of government (executive, legislative and judiciary) that may be involved in oversight of the mining sector at any level, from policy to execution, and the impacts that uninformed or otherwise questionable decisions could have on the mining industry as well as Company operations;

- risks relating to national, provincial and local political and social activism or unrest, in some cases generated in the course of political election campaigns, including opposition to the government's economic programs and mining industry development policies, as well as for specific mining and infrastructure projects, concerns about the environment and water, pressure for economic benefits such as employment, social donations or investment programs, changes to the taxation and labour regimes, access to land for agricultural or artisanal or illegal mining or other illegal 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 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 or judicial processes;
- risks relating to Luminex's ability to secure and maintain social licenses from local communities, as well as access to concession surface areas and other properties needed to advance its exploration and development programs;
- risks relating to Luminex's ability to prevent illegal mining on its concessions, with or without the involvement of national, provincial and local authorities;
- risks relating to Luminex's operations being subject to environmental requirements, including remediation or fines, for impacts caused by the Company or third parties;
- 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 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 regulatory burdens, limiting operational options, or extending timelines for regulatory approval processes, including environmental, water, 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 activities;
- risks relating to failure of plant, equipment, personnel or processes to perform as anticipated;
- risks relating to performance of human resources, such as accidents, crime, and labour or social disputes;
- risks relating to competition inherent in the mining exploration industry, in Ecuador and elsewhere;
- risks of impacts from unpredictable social and / or natural occurrences, such as epidemics and pandemics, crime, adverse weather conditions, rainstorms, flooding, fire, natural erosion, landslides, and geological activity, including earthquakes and volcanic activity;
- risks relating to the operational challenges presented by the locations and climatological conditions of the Company's projects, including remote siting with no existing road access, insufficient supply of qualified personnel available for hire, limited communications networks, steep topography, intense rainy seasons, densely forested habitats, and venomous snakes;
- 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, as well as any reputational effects that developments at those projects could have on the Company;
- risks relating to the Company's working capital and requirements for additional capital;
- risks relating to changes in national and international economic or geopolitical conditions and the policy implications these may have for mining, including permitting and tax regimes;
- risks relating to currency exchange fluctuations or a 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, including volatility;
- risks relating to the Company's dependence on key personnel;
- risks relating to the Company's dependence on information technology, including hardware, software and cloud services, for storage and transmission of data; and,
- other risks common to the mining industry and doing business in developing countries like Ecuador,

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 of the 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 year ended December 31, 2021 and to the date of this MD&A. This overview should be read in conjunction with the remainder of this MD&A to appreciate more fully the Company's results and activities for the year ended December 31, 2021.

Described in more detail below are the following:

- COVID-19 protocols and measures for the Company's operations;
- an update on the Company's Condor and Cascas Projects, including the Condor North PEA;
- an update on the BHP Group plc ("BHP") earn-in and joint venture agreement on the Company's Tarqui concessions;
- an update on the Anglo American plc ("Anglo American") earn-in on the Pegasus Project;
- an overview of the Japan Oil, Gas and Metals National Corporation ("JOGMEC") agreement to earn-in on the Orquideas Project; and,
- a summary of the Company's other early-stage projects, including the binding agreement with Corporación Nacional del Cobre de Chile ("Codelco") to acquire the Chalapo concessions.

COVID-19 Protocols and Measures

Ecuador, as for much of the world, continues to be impacted by the COVID-19 pandemic and the emergence of variants such as Omicron. As mining in Ecuador has been deemed a strategic sector, Luminex and its peers, from early on in the pandemic, were specifically authorized to continue their operations, adhering to safety protocols. Ecuador established a National Emergency Operations Committee ("COE"), primarily comprised of government authorities, which has occasionally recommended temporary restrictions for Presidential approval. In addition, provincial and local COEs have been empowered to evaluate conditions and set restrictions within their jurisdictions, including limits on vehicle circulation, gatherings and nightly curfews.

The Company continues to take measures to protect the health and safety of its employees, in compliance with the Government of Ecuador's norms and recommendations of the World Health Organization ("WHO") and US Centers for Disease Control and Prevention ("CDC"), while also taking into account the realities on the ground, including concerns of employees and local communities.

The Company strictly complies with all legal norms and restrictions governing interprovincial transportation in Ecuador. In addition, its health protocols, which have evolved and changed over the course of the pandemic and recently as rules are amended, have provided for training of all staff and visitors on COVID-19 symptoms and protective measures, PCR testing of all personnel and contractors prior to camp shifts, processes for the safe transportation of personnel to the Condor camp and other sites, restriction of project site access only to personnel and contractors that have tested negative for COVID-19, daily medical checkups for personnel on shift, application of social distancing and heightened personal sanitation and cleanliness measures. In addition, modified emergency response procedures have been instituted for the duration of the COVID-19 threat.

Corporate administrative offices in Canada and Quito were temporarily closed and remote work arrangements established for all employees and contractors not on shift. Both offices partially reopened in June 2020, with restricted occupancy (e.g., a maximum 35% occupancy for the Quito office) and implementation of targeted health and safety protocols. Community relations programs are ongoing, with observation of social distancing and other protocols, and the Company has provided COVID-19 support and resources to local communities. As part of the Ecuadorean Government's national vaccination program, a campaign was implemented in July 2021 to vaccinate all strategic sector workers, which included mining. As a result, over 90% of the Company's local personnel have received two doses of COVID-19 vaccines and over 80% have received as booster. As new personnel are hired, they are encouraged to receive vaccines as soon as possible if they have not already been vaccinated.

In order to support drilling and exploration activity at the Company's projects, the Company establishes and operates separate standalone camps for both Company personnel and for drilling contractors. During the early phases of the COVID-19 health emergency, shift patterns for personnel were adjusted to facilitate required PCR testing, as well as time for COVID-19 symptoms to manifest (and action to be taken as needed) for all personnel and contractors, prior to traveling to any project camps. The Company has also rigorously implemented training for all staff and contractors on COVID-19 symptoms, as well as on protective measures to prevent infection, based on current governmental guidelines. These included vaccinations for all staff, protocols for the safe transportation of personnel, restrictions on project site access, and application of social distancing and heightened personal and industrial hygiene measures. In keeping with recent government directives, PCR testing prior to returning to work or entering camps has now ceased in lieu of universal medical screening, with the implementation of rapid antigen tests if COVID-

19 is suspected; any positive cases are referred for confirmatory PCR testing. In addition, regular medical checkups are conducted for personnel while on shift, with rapid antigen tests applied if any COVID-19 symptoms are detected.

Several Company and contractor employees have tested positive for COVID-19 while in the process of returning to shift; these individuals are required to quarantine at their residences in keeping with Ministry of Health protocols. In order to return to work, they are required to test negative for COVID-19 and receive formal Ministry of Health approval. To date, none of the employees or contractors who tested positive have exhibited disease symptoms severe enough to require hospitalization. Health and safety protocols are constantly being re-evaluated, and will be fine-tuned in response to changing developments, including the spread of the virus, progress of Ecuador's national vaccination campaign and information on vaccine effectiveness.

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 614 hectares that overlie concessions of the Condor Project. In addition, the Company holds approximately 167 hectares of land access rights obtained by way of easements.

The Condor Project includes several known deposits, as well as areas yet to be explored. In the northern part of the project, the Chinapintza, Los Cuyes, Enma, Soledad, Camp and Prometedor 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, such as Nayumbi which is discussed in more detail below.

The province of 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 north of the Condor Project.

In January 2021, the Company commenced formal work on a PEA that would include an updated mineral resource estimate with the drilling activity completed in 2020 subsequent to the Company's previously announced, in March 2020, Camp mineral resource estimate. The results of the PEA, prepared in accordance with NI 43-101, were announced on July 28, 2021 by news release titled "Luminex Resources Announces Positive Condor North Preliminary Economic Assessment; US$387 Million NPV, 12 Year Mine Life and Production of 187Koz Gold Per Year." The full news release can be found on the Company's website (www.luminexresources.com) or on SEDAR under the Company's profile (www.sedar.com).

The PEA is on a portion of the 90%-owned Condor Project comprised of the Los Cuyes, Soledad, Enma and Camp deposits (collectively known as "Condor North"). The Company performed some additional drilling in late 2020 and through into early 2021 at the Condor Project consisting of three metallurgical holes (total of 310 metres) and six short geotechnical holes (total of 164 metres) for surficial materials testing, groundwater monitoring and evaluation of ground stability characteristics. Two of the metallurgical holes were drilled at the Los Cuyes deposit and the third at Enma. All holes were drilled in support of the PEA.

A summary of the PEA is presented below. Base case economics were calculated using a gold price of $1,600 per ounce and a silver price of $21 per ounce. All figures are displayed on a 100% ownership basis. The effective date of the PEA is July 28, 2021 and a technical report for the Project including the PEA, titled "Condor Project NI 43-101 Technical Report on Preliminary Economic Assessment," was filed on SEDAR on September 13, 2021.

The PEA's highlights include the following estimates:

- life of mine ("LOM") average annual payable production of 187 koz gold and 758 koz silver;
- 12-year mine life with a 25 ktpd processing operation;
- after-tax Net Present Value ("NPV") (5%) and Internal Rate of Return ("IRR") of $387 million and 16.0%;
- after-tax NPV (5%) and IRR of $562 million and 20.3% using $1,760 per ounce gold;
- average cash operating costs of $748/oz and all-in sustaining costs of $839/oz, net of by-product credits;
- LOM processed grades of 0.72 grams per tonne ("g/t") gold and 5.9 g/t silver;
- LOM revenue mix of 95% gold and 5% silver; and
- initial capital costs including working capital of $607 million, not including refundable value added tax

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

At the end of 2021, the Company drilled a low angle hole on its Los Cuyes deposit which was completed to a depth of 440 metres. The results of this hole were announced in a news release dated March 14, 2022, titled "Luminex discovers high-grade zone adjacent to Los Cuyes Resource; First Hole Intercepts 8.60m at 5.39 g/t AuEq." A copy of the news release can be viewed on the Company's website and on SEDAR under the Company's profile. Follow up drilling is currently being planned to test the continuity of the zone with the intention of building a resource for inclusion in future economic studies.

Also starting in late 2021, the Company commenced a rock sampling work program at Wanwintza Alta (formerly called Silica Cap) which has discovered the upper parts of a porphyry copper-gold-molybdenum system in outcrop, which could be a northern extension to the Company's El Hito deposit. Located 1 km to the south of Wanwintza Alta, El Hito occurs in a granodiorite porphyry hosted in the Zamora batholith. Drilling, trenching and surface mapping have defined copper-gold mineralization occurring over 2.5 km (north-south) by 1.0 km (east-west), and extending to vertical depths of at least 600 metres. Moderate to strong phyllic-argillic alteration overprints early potassic alteration and sulphide minerals in drill core are chalcopyrite, pyrite and bornite. Previous operators drilled 4,687m in nine holes, returning intercepts such as 0.44% Cu and 53ppm Mo over 332m from surface.

Recent mapping and sampling indicate that the copper-molybdenum mineralization defined by drilling at El Hito is open to the north and south. To the north, mineralization appears to extend towards the new Wanwintza Alta porphyry copper-gold discovery, and the two areas may in fact connect to form one deposit. A soil sampling and prospecting program is being executed over this 1 km "connector" zone, with sample stations at 50m on 200m spaced east-west oriented lines, with 900 samples planned in total.

During the six months to June 30, 2021, the Company continued mapping, soil and rock chip sampling at the Nayumbi target, an epithermal gold-silver anomaly located at the southern part of the Condor Project. Those studies, along with interpretation of the Company's previously conducted ZTEM survey, were used to identify drill targets at Nayumbi. Diamond drilling at Nayumbi commenced on June 25, 2021. A total of 2,866 metres was drilled in seven holes. While the overall results of the drilling program demonstrated the expected pathfinder minerals and the presence of a low sulphidation system, there were only trace levels of gold and silver contained in the assays. The Company believes there is a source deposit generating the anomalous gold grades at surface and may pursue additional work to attempt to locate it in future work programs.

The Company has also, during the year ended December 31, 2021, been conducting geologic mapping, rock chip sampling and working to improve access to its Prometedor target to prepare for future drill testing and define potential drill targets. Prometedor is a multi-element bullseye anomaly (Au-Ag-Zn) situated along the northern epithermal gold belt, confirmed by a rock and soil sample geochemistry, and is located approximately 2 km southeast along strike of Soledad Baja. The Company has built approximately 2,700 metres of access trails in the area to enable ongoing exploration work to be carried out.

Cascas Project

The Company holds title to two contiguous mineral concessions, totalling an area of 9,998 hectares, collectively known as the "Cascas Project." Cascas is located roughly 30 km southwest of the Company's Condor Project in the Zamora-Chinchipe Province in southeastern Ecuador. The property is accessed via air to the city of Loja and subsequently a 4-hour drive over paved and improved gravel roads. The last few kilometres to the Cascas camp are over a dirt track.

Within the Cascas Project, the Company initially focussed on a porphyry copper target which has been named Shakai, which lies in a developing belt of recent porphyry copper discoveries that include the Mirador Mine, the Warintza Project and the Porvenir Project. Shakai lies within a 7-kilometre long, 1-to-2-kilometre-wide northwest oriented zone of anomalous copper in soils. Preliminary fieldwork delineated an approximately 200 by 300-metre zone of intense quartz-sulphide porphyry copper style veining and stockworking. Mapping and sampling work was completed by field crews with the objective of identifying the best targets for drill testing. Drilling commenced at Shakai on March 10, 2021 and terminated on June 7, 2021, for a total of 2,017 metres in five holes. Assay results from the first three holes were issued by news release titled "Luminex provides an update on the Condor and Cascas Projects," dated June 23, 2021, which is available on SEDAR and the Company's website. Hole 4 had additional low-grade copper intercepts similar to holes 1-3, while Hole 5 had no mineralized intercepts.

In addition to the drilling at Shakai, the Company has also been conducting soil sampling programs at a gold target known as Kuru and an additional copper target to the northwest of Shakai, known as Hapa, which will be used to determine the suitability for future drill testing.

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 was 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 it can cease active spending and the rights 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	628	Adjacent to the Condor Project.
Other Concessions		**Southern Ecuador**
Cascas	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	2,732	On trend with the Condor Project. Two concessions.
Tarqui	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**	

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

On April 18, 2022, the Company announced that it had signed a binding agreement with Codelco to acquire its 100% owned Chalapo concessions in the Loja province of Ecuador for $60,000 plus a 1% NSR. 0.5% of the NSR can be purchased by Luminex for $5 million prior to 2030. The Chalapo concessions are comprised of two contiguous claims totalling 8,087 hectares located approximately 45 km southwest of Loja and 7 km from the town of Vilcabamba. These concessions are not subject to the Government of Ecuador's four-year investment conditions for concessions granted pursuant to the 2016 / 2017 auction process. Accordingly, there is no minimum investment requirement related thereto.

Tarqui Concessions - BHP 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 would 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.

In July 2019, BHP assumed management of the joint venture company and the exploration program for Tarqui and has the right to accelerate the exercise of the earn-in by completing all the exploration expenditures and any outstanding cash payments to Luminex in a period shorter than the earn-in term.

Based on reports provided, the Company estimates that, to December 31, 2021, BHP had incurred approximately $10,436,000 towards its earn-in on Tarqui. During the year ended December 31, 2021, BHP commenced helicopter-supported drilling at Tarqui.

The Company reported on the first 3 holes (for a total of 2,010 metres) by news release on October 18, 2021 titled "Luminex Announces Initial Tarqui Drill Results and BHP Work Plan." A further six holes have been drilled, for which geochemical results are expected during the second quarter of 2022. Two drill holes are in progress as at the date of this MD&A.

Pursuant to the terms of the BHP Agreement, BHP paid $100,000 to the Company in July 2019. In June 2020, BHP made further payments to the Company consisting of: (i) $200,000 which was due upon completion of the transfer of Tarqui to the joint venture company; and (ii) $300,000 due in accordance with the payment schedule pursuant to the BHP Agreement. BHP also reimbursed the Company, in July 2019, $341,337 in expenses incurred exploring the Tarqui concessions prior to signing the BHP Agreement. The 2021 payment in the amount of $450,000 was received by the Company in May 2021. The tables below show the cash payments and spending commitments due pursuant to the BHP Agreement in order for BHP to earn up to a 70% interest.

Cash Payment Schedule:

Due Date		Payment Amount
July 26, 2019 (received)	$	100,000
Upon transfer of Tarqui to joint venture company (received)		200,000
July 12, 2020 (received)		300,000
July 12, 2021 (received)		450,000
July 12, 2022		450,000
July 12, 2023		900,000
51% Interest Cash Payment Milestone	**$**	**2,400,000**
July 12, 2024		1,100,000
July 12, 2025		3,500,000
60% and 70% Interest Cumulative Cash Payment Milestone	**$**	**7,000,000**

Spend Commitment Schedule:

Due Date		Spend Commitment		Estimated Spend Incurred To December 31, 2021
By July 12, 2023 - 51% Interest Spending Milestone	**$**	**25,000,000**	**$**	**10,436,000**
By July 12, 2025		10,000,000		-
60% Interest Cumulative Spending Milestone	**$**	**35,000,000**	**$**	**10,436,000**
Additional exploration expenditures		40,000,000		-
70% Interest Cumulative Spending Milestone	**$**	**75,000,000**	**$**	**10,436,000**

Pegasus A, B and Luz Concessions - Anglo American 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 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 was to 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%.

At December 31, 2021, Anglo American had incurred approximately $13,930,000 towards its earn-in. The first earn-in ownership threshold of 25% occurs once $10 million has been spent across the concessions and $2.4 million of cash payments have been paid. Accordingly, Anglo American has fulfilled its obligations to satisfy the 25% threshold. In February 2022, the Company received notice from Anglo American that it was exercising the first of its options under the Anglo Agreement to earn the right to 51% in the Pegasus Project.

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 (received)		300,000
September 21, 2021 (received)		500,000
25% Interest Cash Payment Milestone (achieved)	**$**	**2,400,000**
September 21, 2022		1,000,000
September 21, 2023		1,400,000
51% Interest Cumulative Cash Payment Milestone	**$**	**4,800,000**
September 21, 2024		2,500,000
60% Interest Cumulative Cash Payment Milestone	**$**	**7,300,000**

(1) Received by Lumina pursuant to the Anglo Agreement.

Spend Commitment Schedule:

Due Date		Spend Commitment		Estimated Spend Incurred To December 31, 2021
By September 21, 2019	$	2,200,000	$	2,200,000
By September 21, 2022		7,800,000		7,800,000
25% Interest Spending Milestone	**$**	**10,000,000**	**$**	**10,000,000**
By September 21, 2024		25,000,000		3,930,000
51% Interest Cumulative Spending Milestone	**$**	**35,000,000**	**$**	**13,930,000**
By September 21, 2025		15,000,000		-
60% Interest Cumulative Spending Milestone	**$**	**50,000,000**	**$**	**13,930,000**

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 7(b) to the audited consolidated financial statements for the year ended December 31, 2021, 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.

During the year ended December 31, 2021, Anglo American primarily continued with its suspension of fieldwork, that commenced with the declaration of COVID-19 as a pandemic and has focused on offering assistance to local communities. Anglo American returned to the field in September 2021 and is reengaging with local communities in order to secure social license prior to commencing a drilling program in the first half of 2022. Anglo American renewed all the concession licenses pertaining to Pegasus during the three months ended March 31, 2022.

Other Luminex Concessions and Work Programs

During the year ended December 31, 2021, the Company has performed only minimal activities at its other projects which include La Canela, Orquideas, Quimi and Tres Picachos. The most significant expenditure during the year ended December 31, 2021 related to the payment of the annual concession fees for 2021 (total of approximately $166,000 for the four projects). In June 2021, the Company submitted its 4-year investment report for Tres Picachos to the Government of Ecuador to ensure compliance with the requirements when originally tendering for the concession. To date, the Company has received some comments for clarification of the investment items for which an explanatory note is being prepared.

Orquideas Concession - JOGMEC Earn-in and Joint Venture Agreement

On December 29, 2021, the Company entered into a binding interim agreement (the "IA") for an earn-in and joint venture with JOGMEC on the Orquideas mineral concession. JOGMEC has the right to earn a 70% ownership interest in Orquideas by investing an aggregate $7 million by March 31, 2026. The Company will manage and operate the exploration programs for Orquideas and will receive a management fee based on expenses up to a maximum of 10%.

Under the terms of the IA, JOGMEC has a minimum commitment of $750,000 to March 31, 2022, after which time it is able to terminate the IA at any time with the provision of thirty days notice. In order to earn a 70% interest, JOGMEC is required to incur further exploration expenditures from April 1, 2022, as follows: (i) $1,250,000 by March 31, 2023; (ii) $1,500,000 by March 31, 2024; (iii) $1,500,000 by March 31, 2025; and (iv) $2,000,000 by March 31, 2026. There are no partial earn-in amounts prior to the 70% threshold being reached and the expenditures may be accelerated at JOGMEC's sole discretion.

As at December 31, 2021, JOGMEC had not yet contributed funds under the terms of the IA and no earn-in expenditures had been incurred at that date. During the three months to March 31, 2022, JOGMEC provided total funding of $750,127 with a further $580,705 provided in April 2022 for a total to date of $1,330,832. Two holes have been completed for a total of 886 metres and a third hole is currently underway.

FINANCING ACTIVITY

On December 18, 2019, the Company completed a non-brokered private placement for 19,230,807 common shares at a price of CAD$0.52 per common share, for aggregate gross proceeds of approximately CAD$10 million ($7.6 million). The proceeds of the private placement were 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 totalling $197,591, which included finder's fees of up to 4% of the proceeds from certain subscribers. The Company has utilized all the cash from this financing.

On June 24, 2020, the Company completed a brokered private placement of 10,886,000 common shares at a price of CAD$0.70 per common share and a non-brokered private placement of 7,685,714 common shares at a price of CAD$0.70 per common share for total proceeds of $9,089,934 net of issue costs of $475,366, which included finder's fees of up to 6% for a total of $349,799. The proceeds of the combined financing were to be used for exploration and advancement of the Company's projects and for general corporate purposes. The Company had utilized all of the proceeds from this financing by June 30, 2021.

On May 12, 2021, the Company completed a brokered private placement of 10,152,000 common shares at a price of CAD$0.72 per common share and a non-brokered private placement of 7,210,000 common shares at a price of CAD$0.72 per common share for total proceeds of $9,855,270, net of issue costs of $479,254, which included finder's fees of up to 6% for a total of $359,822. The proceeds of the combined financing are to be used for exploration and advancement of the Company's projects and for general corporate purposes. At December 31, 2021, the Company had utilized approximately $6,366,000 of the funds raised from this financing activity.

OUTLOOK

The Company has a three-pronged strategy on the projects it is directly operating, which consists of: (i) advancing exploration (geologic mapping, sampling, drill target definition and drilling) at the Condor Project and advancing exploration (geologic mapping, sampling and target definition) at the Cascas Project; (ii) continuing its evaluation of its other early exploration concessions to ensure that resources are focused on advancing projects with the greatest merit; and (iii) seeking partners or other opportunities for the concessions, similar to the agreements with BHP, Anglo American and JOGMEC for their earn-in and joint venture projects, or eventually returning such projects to the Government of Ecuador if they do not meet the Company's evaluation thresholds.

The Company continues to focus its financial resources and field efforts on the known deposits and exploration targets at its Condor (Camp, Los Cuyes and Prometedor at Condor North for gold; and at El Hito and Wanwintza Alta for copper) and Cascas projects. In parallel, BHP and Anglo American, as operators, continue to fund and advance the Tarqui (BHP) and Pegasus (Anglo American) projects while the Company is the operator for JOGMEC on the Orquideas Project. Anglo American has, due to the COVID-19 outbreak, curtailed its programs at Pegasus, however, they have now restarted some activities with a view to commencing drilling a 5,000-metre program in the second half of 2022.

The Company intends to continue exploration activity on its Condor Project, including additional drilling at the Camp and Los Cuyes deposits, and, after additional sampling programs are completed, will also look to drill test its Prometedor, Wanwintza Alta and El Hito targets in 2022.

SELECTED ANNUAL FINANCIAL INFORMATION

The following summary financial information has been derived from the financial statements of the Company, which have been prepared in accordance with IFRS. The Company's significant accounting policies are outlined within Note 3 to the audited consolidated financial statements of the Company for the year ended December 31, 2021.

	Year ended December 31, 2021	2020	2019
Consolidated Statement of Comprehensive Loss			
Revenue	$ -	$ -	$ -
Expenses	(13,775,680)	(12,142,192)	(9,555,661)
Impairment	-	-	(825,000)
Other income	803,630	1,018,578	890,969
Net loss and comprehensive loss for the period	$ (12,972,050)	$ (11,123,614)	$ (9,489,692)
Loss attributable to:			
Owners of the Company	$ (12,680,380)	$ (10,492,744)	$ (8,953,700)
Non-controlling interest	(291,670)	(630,870)	(535,992)
	$ (12,972,050)	$ (11,123,614)	$ (9,489,692)
Loss per share – basic and diluted	$ (0.12)	$ (0.13)	$ (0.19)
Consolidated Balance Sheet			
Cash and cash equivalents	$ 3,488,779	$ 6,207,950	$ 8,382,935
Exploration and evaluation assets, including investment in Pegasus	32,320,626	32,320,626	32,320,626
Property and equipment	917,112	953,185	897,767
Total assets	36,890,969	39,663,761	41,938,104
Total liabilities	422,182	476,316	1,129,428
Equity:			
Share capital	85,505,963	75,583,541	66,438,255
Share option reserve	1,353,027	1,022,057	664,960
Accumulated deficit	(51,441,409)	(38,761,029)	(28,268,285)
Non-controlling interest	1,051,206	1,342,876	1,973,746

A review of the results of operations for the year ended December 31, 2021 and 2020 is presented below in the "Review of Financial Results" section of this MD&A. The Company's operations and levels of expenditure vary from year to year as exploration activity is carried out or curtailed, which impacts total expenses and net loss as the Company expenses costs associated with the ongoing exploration on its mineral projects.

During the year ended December 31, 2019, the Company's primary focus was exploration on the Condor Project. That year also saw approximately $0.5 million incurred on the Quimi Project and some higher-than-normal legal costs while the Company was negotiating with BHP for its earn-in on Tarqui. Expenses increased during the year ended December 31, 2020 for two primary reasons: (i) additional costs on the Condor Project as the Company initiated work on a PEA and (ii) the Company's work programs on the Cascas Project which, until late in 2019, was being earned-in on by First Quantum Minerals Ltd. The further increase in expenses for the year ended December 31, 2021 arose as a result of (i) completion of the PEA on the Condor Project, (ii) ongoing drilling on the Condor Project, and (iii) the drilling program and ongoing exploration activity at the Cascas Project.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2021 and 2020 along with other public disclosure documents of the Company. For the year ended December 31, 2021 the Company reported a net loss of $12,972,050 compared to a net loss of $11,123,614 for the year ended December 31, 2020. 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 December 31, 2021 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 December 31, 2021, the carrying value of the Condor Project was $29,715,626 (December 31, 2020 - $29,715,626).

At December 31, 2021, the Company also has certain mineral concession rights with a net book value totalling $2,605,000 (December 31, 2020 - $2,605,000) relating to concession areas transferred to Luminex from Lumina. These are detailed in Notes 7(a) and (b) to the audited consolidated financial statements for the year ended December 31, 2021. E&E expenditures are expensed to profit and loss as incurred. These expenditures are discussed below and are disclosed in Note 7(c) of the audited consolidated financial statements for the year ended December 31, 2021.

Expenses

Exploration and evaluation expenditures

Total E&E expenses for the year ended December 31, 2021 were $11,775,878 compared to $10,366,894 for the year ended December 31, 2020. 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 years ended December 31, 2021 and 2020 were as follows:

	Year ended December 31,	
	2021	**2020**
Assays / Sampling	$ 163,902	$ 462,067
Camp	1,482,974	1,280,146
Camp access and improvements	535,322	504,872
Drilling	992,642	2,276,197
Engineering	632,306	101,722
Environmental, Health & Safety	402,086	348,410
Field office	344,303	337,852
Geological consulting and field staff	887,985	1,463,892
Legal fees	165,564	88,777
Metallurgical	90,791	56,533
Mineral rights and property fees	249,398	158,024
Project management	556,290	427,636
Reports	97,463	12,864
Social and community	263,696	182,661
Transportation and accommodation	407,202	333,886
	$ 7,271,924	$ 8,035,539

Expenditures on the Condor Project reflect work on the PEA, as discussed earlier in this MD&A, ongoing exploration including the drilling at Los Cuyes and Nayumbi, project management, camp, and supporting (social and environmental management) staff costs which are included in the field office category. The Company's main focus in the year ended December 31, 2021 has been on (i) the PEA, with related costs increasing such as engineering studies and project management; (ii) ongoing field sampling programs such as those conducted to advance the Nayumbi target to drill readiness; (iii) the commencement of drilling in June 2021, which included Los Cuyes and Nayumbi; and (iv) camp construction and access to Prometedor. During the year ended December 31, 2020, the Company was focussed on its drilling program at the Condor Project which ran through until September 2020 (with a brief pause as a result of the Covid-19 outbreak in March 2020). This drilling was in support of the PEA as completed in 2021.

Cascas Project

The Company's E&E expenditures on the Cascas Project for the years ended December 31, 2021 and 2020 were as follows:

	Year ended December 31, 2021	2020
Assays / Sampling	$ 202,103	$ 48,229
Camp	930,521	377,777
Camp access and improvements	70,194	42,042
Drilling	718,325	-
Environmental, Health & Safety	312,783	208,664
Field office	23,233	10,440
Geological consulting and field staff	1,043,284	550,137
Legal fees	19,405	16,077
Mineral rights and property fees	109,392	102,871
Project management	133,735	63,077
Reports	15,337	-
Social and community	165,943	201,305
Transportation and accommodation	470,731	189,397
	$ 4,214,986	$ 1,810,016

During the year ended December 31, 2021, the Company drilled 2,017 metres in five holes at the Shakai target. Prior to drilling, the Company was focussed on access and completing camp infrastructure in order to support the drilling program. Subsequent to the completion of drilling at Shakai, for the second half of the year, the Company continued mapping and sampling work on other target areas within the Cascas concessions. Fieldwork during the year ended December 31, 2020 consisted of rock sampling programs and improving access to the area which, accordingly, saw lower expenditures than in the more active year ended December 31, 2021.

Other Projects

Details of expenses incurred on the Company's other projects can be reviewed in Note 7(c) to the audited consolidated financial statements of the Company for the year ended December 31, 2021. Total expenditures of $288,968 were incurred on the Company's other projects during the year ended December 31, 2021 compared to $521,339 for the year ended December 31, 2020. Of the total spend in the year ended December 31, 2021, $166,053 related to annual concession fees and other property payments for 2021.

Other operating expenses

The Company's other operating expenses were as follows:

	Year ended December 31, 2021	2020
Fees, salaries and other employee benefits	$ 1,198,203	$ 1,219,053
General and administration ("G&A")	570,130	264,584
Professional fees	231,469	291,661
	$ 1,999,802	$ 1,775,298

Fees, salaries and other employee benefits for the year ended December 31, 2021 include $332,789 of share-based payment expense (2020 - $359,637). Accordingly, fees, salaries and other benefits paid in the year ended December 31, 2021 (excluding share-based payment expense) were $865,414 compared to $859,416 for the year ended December 31, 2020, which is broadly consistent given the relatively stable number of personnel. G&A costs for the year ended December 31, 2021 increased compared to the year ended December 31, 2020 primarily as a result of (i) regulatory filing fees incurred in 2021 which are based to a large extent on the Company's market value at certain time periods; (ii) lower travel and related activity expenses in 2020 as a result of COVID-19 restrictions; and (iii) a 2020 reversal of accruals in Ecuador based on updated advice and guidance received pertaining to certain corporate items that were accrued at December 31, 2019. Professional fees vary from period to period in accordance with the amount of time that the Company's external advisors are engaged as matters arise and work is performed.

Other income / expenses

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

	Year ended December 31, 2021		2020	
Interest income and other	$	957,995	$	947,250
Interest expense and other		(1,611)		(4,213)
Foreign exchange (loss) gain		(152,754)		75,541
	$	803,630	$	1,018,578

The Company's interest and other income for the year ended December 31, 2021, includes $450,000 received from BHP pertaining to the BHP Agreement and fees due thereunder (2020 - $500,000) and $500,000 received from Anglo American relating to an annual option payment under the Anglo Agreement (2020 - $300,000). Other income for the year ended December 31, 2020 also included a one-time gain of $130,000 relating to settlement of a liability for less than the amount originally accrued. The Company earns interest income from cash on deposit, such amounts being minimal given the low interest rate environment during 2020 and 2021. Interest income for the year ended December 31, 2021 was $4,274 (2020 - $9,627). A breakdown of interest and other income can be reviewed in Note 18 to the audited consolidated financial statements for the year ended December 31, 2021. Interest income was lower in 2021 primarily as a result of lower amounts of cash on deposit.

Interest expense arises from the implied interest on the Company's lease obligations as required under IFRS 16 *Leases*. For the year ended December 31, 2021, the Company recorded a foreign exchange loss primarily on Canadian dollars held to fund Canadian G&A expenditures as the Canadian dollar weakened during the period subsequent to the date that Canadian dollar financing proceeds were received in May 2021.

Related Party Transactions

The Company incurred the following expenses with related parties:

Company	Nature of transactions	Year ended December 31, 2021		2020	
Hathaway Consulting Ltd.	Fees	$	128,423	$	129,051
Into the Blue Management Inc.	Fees		84,399		87,591
Koval Management, Inc.	Fees		172,167		163,922
La Mar Consulting Inc.	E&E (social and community)		146,742		158,230
Lumina	E&E (field office/project management/travel)		76,836		1,955
Lumina	G&A		25,474		35,377
Lyle E Braaten Law Corp.	Fees		92,342		99,923
Miedzi Copper Corp. ("Miedzi")	E&E (Geological)		33,378		97,108
Miedzi	G&A		53,976		57,816
Miedzi	Fees		224,674		233,545
		$	1,038,411	$	1,064,518

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 December 31, 2021, there were no amounts owing to related parties (December 31, 2020 - $Nil).

Luminex Services Ecuador LS-EC S.A. ("Luminex Services"), a wholly owned subsidiary, provided personnel services to Odin Mining del Ecuador S.A. ("Odin"), a subsidiary of Lumina, whereby personnel time was recharged based on time worked and at a rate of cost plus 6%. These services were recorded in the Company's financial statements as a reduction of cost associated to E&E expenditures. The total amount charged to Odin for the year ended December 31, 2021 was $229,789 (2020 - $377,315). There were no amounts included in accounts receivable from Odin at December 31, 2021 (December 31, 2020 - $Nil).

SUMMARY OF QUARTERLY RESULTS AND FOURTH QUARTER (UNAUDITED)

The information presented below highlights the Company's unaudited quarterly results for the past eight quarters.

Three months ended:	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Revenue	$ -	$ -	$ -	$ -
Expenses	(3,449,412)	(3,187,071)	(3,479,266)	(3,659,931)
Other income	34,888	427,387	323,657	17,698
Net loss for the period	(3,414,524)	(2,759,684)	(3,155,609)	(3,642,233)
Net loss for the period attributable to owners of the Company	$ (3,306,786)	$ (2,689,483)	$ (3,111,931)	$ (3,572,180)
Basic and diluted loss per share attributable to owners of the Company	$ (0.03)	$ (0.02)	$ (0.03)	$ (0.04)

Three months ended:	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Revenue	$ -	$ -	$ -	$ -
Expenses	(3,726,709)	(2,895,671)	(2,081,923)	(3,437,889)
Other income (expenses)	100,988	501,304	511,275	(94,989)
Net loss for the period	(3,625,721)	(2,394,367)	(1,570,648)	(3,532,878)
Net loss for the period attributable to owners of the Company	$ (3,480,029)	$ (2,225,929)	$ (1,451,507)	$ (3,335,279)
Basic and diluted loss per share attributable to owners of the Company	$ (0.04)	$ (0.02)	$ (0.02)	$ (0.05)

Expenses for the three months ended March 31, 2020 totalled $3,437,889, which included drilling at the Condor Project and initial programs at Cascas comprising rock and soil sampling as well as trail access and camp construction. Expenses declined in the three months ended June 30, 2020 as the Company curtailed activities before resuming drilling on the Condor Project with just one drill running one shift per day in order to mitigate the potential impact of COVID-19. Other income for the three months ended June 30, 2020, increased as a result of payments received from BHP pursuant to the BHP Agreement on Tarqui.

Expenses for the three months to September 30, 2020 increased by $813,748 compared to the three months ended June 30, 2020. This increase arose primarily as a result of drilling activity at the Condor Project for the entirety of the period compared to the pause in drilling for a portion of the three months ended June 30, 2020. In addition, the Company expanded operations and programs for its Cascas Project as it prepared to start drilling in 2021.

The Company's expenses for the three months ended December 31, 2020 increased by $831,038 compared to the three months ended September 30, 2020, primarily as a result of (i) share-based payment expense for stock options granted in November 2020; and (ii) year-end bonus payments to personnel in Canada and Ecuador.

Expenses for the three months ended March 31, 2021 totalled $3,659,931, a decrease of $66,778 compared to the previous quarter. This reduction primarily reflects the higher expenses in the three months ended December 31, 2020 as described in the preceding paragraph re share-based payment expense and year-end bonus payments. The Company's E&E expenditures were higher than the prior quarter as a result of the Condor Project PEA, the payment of annual concession fees and the commencement of the drill program at the Cascas Project.

Expenses for the three months ended June 30, 2021 totalled $3,479,266, a decrease of $180,665 compared to the previous quarter. Expenses were lower than the prior quarter primarily due to the payment of the annual concession fees in the three months ended March 31, 2021, offset by the ongoing cost of exploration programs at the Cascas Project, Nayumbi and the Condor Project PEA, all of which activity was ongoing during the quarter ended June 30, 2021.

Expenses for the three months ended September 30, 2021 totalled $3,187,071, a decrease of $292,195 compared to the previous quarter. The decrease in expenditures primarily related to the substantial completion of the Condor PEA in the three months ended June 30, 2021 so these costs were lower in the three months ended September 30, 2021.

Expenses for the three months ended December 31, 2021 (the "Fourth Quarter") were $3,449,412, an increase of $262,341 compared to the three months ended September 30, 2021. While the level of activity across the Company's exploration programs was generally consistent between the Fourth Quarter and the three months ended September 30, 2021, the increase in expenses arose primarily as a result of (i) stock options granted in November 2021 (along with the related Black-Scholes calculated share-based payment expense) and (ii) annual bonuses paid to Company personnel.

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 7 of the Company's audited consolidated financial statements for the year ended December 31, 2021.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2021, the Company had cash and cash equivalents of $3,488,779 compared to cash and cash equivalents of $6,207,950 at December 31, 2020. The Company's working capital balance at December 31, 2021 was $3,231,049 compared to $5,913,634 at December 31, 2020. The Company's cash at December 31, 2021, 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 December 31, 2021, approximately $3,285,000 of the Company's cash and cash equivalents were held at Scotiabank, a major chartered bank in Canada, and approximately $204,000 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 December 31, 2021.

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 nature of the commitments are provided in Note 20 of the audited consolidated financial statements of the Company for the year ended December 31, 2021. Those disclosures, and the commitment amounts below, exclude amounts for the Pegasus Project, which is being managed by Anglo American, the Tarqui Project, which is being managed by BHP and the Orquideas Project which, at December 31, 2021, was being earned-in on by JOGMEC. Based upon expenditures reported by Anglo American and BHP, the Company believes that the 4-year commitments (see below) for the Tarqui concessions (BHP) and Pegasus Project concessions (Anglo American) have been achieved.

For 2022, the Company has, as part of its annual reporting process on exploration activities, made a commitment to ARCERNNR to spend a total of approximately $577,000 on its projects.

For 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. In December 2020, the Ecuadorian Ministry of Energy and Non-Renewable Natural Resources issued a Ministerial Decree that, among other items, had the effect of extending the timeframe of the 4-year commitment period, on a case-by-case basis. For the concessions held by the Company, the resulting time extensions ranged from three months to three and a half years. The dates for the Company's 4-year reporting periods now range from May 11, 2021 to July 15, 2024. The exact reporting process and allowable costs are yet to be tested in Ecuador. The Company has submitted its filings for the May 11, 2021 4-year anniversary period for the Tres Picachos concession but is yet to receive official confirmation from the Government of Ecuador. The Company has sought guidance from its external legal advisors in Ecuador to determine the reporting status and its allowable costs, which include amounts incurred by the Company, Lumina and earn-in partners, as the case may be. The Company's estimated commitments are based upon this guidance.

At December 31, 2021, the Company estimates that is has met the 4-year reporting spend on its concessions. As noted above, the Company believes that BHP and Anglo American have spent in excess of the required 4-year amounts for the Tarqui and Pegasus Projects. The Company estimates that there is a remaining amount of approximately $1.6 million remaining to be incurred on the Orquideas Project by a date of August 9, 2022. Given the current operations being conducted by JOGMEC (with the Company as operator) it is expected that this spending milestone will be reached in order to safeguard the status of the concession.

As noted in Note 2(c) to the audited consolidated financial statements of the Company for the year ended December 31, 2021, the Company has incurred cumulative losses of $51,441,409 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 COVID-19 pandemic continues to present challenges, and the ultimate duration and magnitude of its impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company continues to monitor developments in Ecuador and elsewhere and adapt its business plans accordingly. The spread of COVID-19 and its growing number of variants could adversely impact the Company's ability to carry out its plans and raise capital.

While the Company closed brokered and non-brokered private placements of common shares on May 12, 2021, as described earlier in this MD&A, 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. 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. This exposure is discussed in more detail in the "Risks and Uncertainties" section of this MD&A.

On April 6, 2022, the Company announced plans to conduct a non-brokered private placement of up to 21,000,000 units ("Units") at a price of CAD$0.38 per Unit, for aggregate gross proceeds of up to CAD$8 million. Each Unit shall be comprised of one common share of the Company and one half of one common share purchase warrants of the Company (the "Warrant"). Each Warrant shall entitle the holder thereof to acquire one common share at a price of CAD$0.55 per common share for a 24-month period following closing of the financing. On April 20, 2022, the Company announced that the non-brokered private placement would be upsized to 23,690,000 Units at a price of CAD$0.38 per Unit for aggregate gross proceeds of approximately CAD$9 million.

FINANCIAL INSTRUMENTS

At December 31, 2021, the Company's financial instruments consist of cash and cash equivalents, other receivables 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 and cash equivalents: amortized cost.
- Receivables: 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 15(a) to the audited consolidated financial statements for the year ended December 31, 2021. The Company's exposure to credit risk on its cash and cash equivalents is limited by maintaining these assets 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 December 31, 2021, the Company's current liabilities consisted of accounts payable and accrued liabilities of $422,182 which are due primarily within the next quarter. The Company's cash and cash equivalents of $3,488,779 at December 31, 2021 were sufficient to pay the accounts payable and accrued liabilities at that date. As noted earlier in this MD&A in the section "Liquidity and Capital Resources," in April 2022 the Company announced a proposed financing for gross proceeds of approximately CAD$9 million.

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 year ended December 31, 2021 is interest income earned on the Company's cash and cash equivalents. Based on the Company's cash and cash equivalents at December 31, 2021, 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 $35,000 (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 year.

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 usually keeps the majority of its cash and cash equivalents in U.S. dollars, but this can be affected by the timing of financings as private placements are done in Canadian dollars such as the financings in June 2020 and May 2021. 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 December 31, 2021, the Company's cash and cash equivalents were primarily held in U.S. dollars as disclosed in Note 4 of the audited consolidated financial statements for the year ended December 31, 2021. The Company estimates that a 1% fluctuation in foreign currency exchange rates of the Canadian dollar compared to the U.S. dollar would have an impact of approximately $10,000 to the results of operations based upon the foreign currency financial instruments (including cash and cash equivalents) held at December 31, 2021.

SHARE CAPITAL

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

Common shares:	108,573,352	
Common share purchase options:	5,127,500	exercisable between CAD$0.51 - CAD$0.80 per option.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management of the Company ("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 3(s) in the Company's audited consolidated financial statements for the year ended December 31, 2021.

Determination of functional currency

The determination of functional currency by Luminex for itself and each subsidiary company requires an analysis of various indicators which IFRS splits between primary and additional indicators. The primary factors include analyzing (a) the currency that mainly influences sales prices for goods and services, (b) the currency of the country whose competitive forces and regulations mainly determine the sales price of its goods and services and (c) the currency that mainly influences labour, material and other costs of providing goods or services. Management further reviewed the additional factors for consideration under IFRS which included examining (a) the currency of financing activities, (b) the currency in which receipts from operating activities are usually retained, (c) whether the activities of foreign operations are carried out as an extension of the Company or operate with a large degree of autonomy, (d) whether transactions between entities is a high or low proportion of the foreign operation's activities, (e) whether cash flows from activities of a foreign operation directly affect the cash flows of the Company and (f) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations. Management determined that the functional currency for Luminex and each subsidiary company is the U.S. dollar.

Going concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. As disclosed in Note 2(c) of the audited consolidated financial statements for the year ended December 31, 2021, the Company has incurred cumulative losses of $51,441,409 and has reported a net loss attributable to owners of the Company of $12,680,380 for the year ended December 31, 2021. The Group expects to continue to incur losses in the development of its mineral exploration projects and will require additional financing in the future. 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 mineral 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.

CHANGES IN ACCOUNTING STANDARDS

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

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.

- *The impact and risks arising from epidemic diseases, such as the recent outbreak of COVID-19 may have a significant impact on the Company.*

The impacts of the still spreading COVID-19 pandemic, as well as its variants, on the Company are unpredictable. The Company continues to operate with modifications to personnel travel and work locations, as well as to adapt work in Quito, the Condor and Cascas Projects, and its other projects, including Orquideas, in response to the mandates of the governmental authorities of Ecuador and to employee and local concerns. Health and safety rules in all jurisdictions are constantly evolving and the Company will continue to evaluate and adapt its work protocols to announcements and norms. Government and local restrictions on the movement of people and goods may cause work and analysis performed by the Company and its contractors to slow or even cease, as well as impact operating costs. While it appears that the national vaccination campaign will be a success, future aggressive measures to counter contagion from variants, including the imposition of localized restrictions, cannot be ruled out. A significant deterioration of conditions could force the Company, or its partners, to suspend some or all activities and possibly even invoke force majeure under its agreements or other contracts. Likewise, other jurisdictions, including Canadian provinces and states in the USA, have at times instituted work and/or mobility restrictions. Such disruptions may sideline Company personnel temporarily, as well as cause the Company to miss actual or self-imposed deadlines, push out forecasts for activity, and increase fiscal losses. In addition, COVID-19 and its related variants, continues to cause considerable disruption to the world economy and financial and metals markets, and could have a materially adverse impact on the ability of the Company to execute its strategy or raise additional funding and might negatively impact, among other factors, the Company's share price. While the Company has taken measures to protect its operations (all local personnel have completed the vaccination regime), the implementation of remote working practices for the Company as a result of COVID-19 increases the risk of exposure and susceptibility to information technology challenges including attempted actions by malicious third parties.

- *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 that 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 opposition or strife, legal and regulatory reform, bureaucratic ineffectiveness, incompetence or corruption, litigation, labour stoppages, and 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 rights and surface access, which may be critical for the continued advancement of exploration and development activities on its mineral property interests.

- *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. 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 and restrictions;
  - social consultation and public referendums;
  - indigenous rights;
  - corporate social responsibility;
  - judicial rulings and precedents regarding petitions, laws, regulations, and other norms;
  - waste management;
  - 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, including duties;
  - taxation;
  - mining royalties;
  - escalated fees or other financial contributions that may become payable in response to the COVID-19 virus or other public emergency;
  - 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);
  - restrictions on the movement of people into and out of Ecuador, as well as their permanence in-country;
  - transportation;
  - hiring practices and labour standards by the mining companies and contractors, as well as occupational health and safety, including mine safety;
  - reporting requirements related to work activity, investment, social and environmental impacts, health and safety, and other matters;
  - processes for preventing, controlling or halting artisanal or illegal mining activities;
  - historic and cultural preservation; and,
  - requirements and restrictions related to the COVID-19 virus.

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 or easements, 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. 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, unreasonableness, increasing complexity or novel judicial or regulatory interpretations of mining laws and regulations on the part of the Company and / or its legal advisors or of Government of Ecuador officials may render the Company incapable of strict compliance.

- *The exploration and development of the Company's mineral 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, which often include extensive reporting requirements, governing the protection of the environment and water, waste management and disposal, worker and community safety, employee health (including norms and guidelines related to COVID-19), 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 rights or 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 attain government permits and approvals, or to secure evictions of illegal miners or other trespassers, 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 of the Company's mineral properties are occupied by illegal miners, and these situations are reported and dealt with by the Company using procedures available to it under Ecuadorian law. It is possible, however, that in spite of its best efforts, the Company may be required to remediate areas on its concessions affected by the activities of third parties. Future changes to environmental laws, regulations and permitting processes or changes in their enforcement or regulatory interpretation could also have an adverse impact on the Company's operating and financial condition.

- *The Company´s ability to operate on its concessions depends on its success obtaining and maintaining social licenses.*

The Company´s concessions are in close proximity to, or in some cases are overlapped by, local communities. It usually needs community approvals to access and operate in areas of interest. As a general rule, the Company enters into agreements with local communities, groups or individuals that address surface access, road or trail usage, local employment, social investment, 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 and other formal miners in the vicinity of a project, as well as expectations related to Company employment, social investment programs and other benefits typically 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 resolving significant issues and 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, the personal agendas of individual actors, events like the COVID-19 virus, the Company´s inability to deliver on community or individual expectations or its commitments, or concerns stemming from communities' or their individual members' historic or recent experiences with mining companies and / or illegal miners. 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 influential local stakeholders and be unable to recover it, this could impact the viability of the related project. Likewise, if the Company as part of its efforts to access exploration properties were unable to obtain social licenses from communities, some of its activities could be affected.

Additionally, in recent years, local political and social groups and organizations, including indigenous confederations, at times funded at least in part by international non-governmental organizations, have increased their activities related to extractive industries in many jurisdictions, including Ecuador. Activists have taken such actions as road closures and work stoppages, as well as succeeded in attracting the attention of different local, national and international media outlets, at times negatively impacting the reputations of the mining sector and/or specific companies. In 2019, anti-mining activists in Ecuador succeeded in bringing about a public vote on mining activity in a canton in the highlands of Azuay province near a significant mining project. Subsequent efforts to promote similar votes in Azuay and Imbabura Provinces were denied by the Constitutional Court. However, on September 8, 2020, a petition for a public consultation vote on metallic mining activities filed by the Mayor of Cuenca in Azuay province covering the water charge zones of five local rivers was approved by the Constitutional Court and implemented by the

National Electoral Council on February 7, 2021, with the anti-mining option earning a majority vote. The Court subsequently made clear that such votes can not affect pre-existing rights and therefore apply solely to future mining concessions.

On June 30, 2021, the Constitutional Court denied a petition for a consultation opposing metallic mining in the metropolitan district of Quito, the nation's capital, where some metallic mining concessions have been granted. As in prior denials, the Court found the petition did not comply with basic clarity and transparency requirements, and also that the geographic scope would enable residents of one canton to decide on matters affecting residents of neighboring cantons. A revised petition was approved on January 28, 2022, however, and the petitioners were given six months to collect the 200,000 signatures required for the National Election Council to proceed with the popular consultation vote, which will involve residents of the Metropolitan District of Quito.

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 National Assembly in Ecuador is obligated to enact a law to regulate the free, prior and informed consultation to aboriginal or indigenous communities in accordance with Article 57.7 of the Ecuadorean Constitution. However, drafts of this law are still being discussed and input would have to be provided by stakeholders with no certain timelines as to when such a law may be enacted.

In June 2021, activists presented a petition for a national popular consultation on five questions to the Constitutional Court, two of which targeted mining activities. The Constitutional Court dismissed the petition on formal grounds, however activists can be expected to continue filing similar petitions and indeed on October 19, 2021 they filed a new petition asking the Constitutional Court to declare Executive Decrees 95 (Hydrocarbons Policy) and 151 (Mining Action Plan) unconstitutional. Similar to prior petitions, these filings do not appear to comply with the standards set by the Court on its jurisprudence and therefore are unlikely to be admitted.

In January 2022, the Constitutional Court declared the Hydric Resources Law unconstitutional. This decision was in response to a petition presented by activists in 2015, who claimed that the legislation was enacted without conducting the requisite pre-legislative consultation with affected indigenous communities. The law remains in effect until a new norm has been approved. The Lasso administration has a year to present a draft law for approval by the Assembly, which in turn must carry out a pre-legislative consultation process with indigenous communities across Ecuador before it can be passed.

In February 2022, the membership of the Constitutional Court changed, when one-third of the nine judges were randomly selected for replacement. Two of the outgoing judges were considered to have an anti-extractives ideology and their rulings, supported by a majority of their peers, often reflected their biases. While the Company has been advised that the new members of the Court can be expected to take a more objective and legalistic approach, there can be no certainty as to how the Constitutional Court will rule on future matters.

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

Several of the Company's mineral interests are located close to, or may even encompass, communities with a longstanding or recent history of small scale, often illegal, mining, in some cases on concessions belonging to the Company. 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; the extent and intensity of the activity varies with the rise and fall of the market price for gold. In some cases, local operators (often 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 or to areas in the vicinity; in other instances, illegal miners may relocate in response to government or private company pressure that has shut down their operations in a different part of the country. 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, especially during political transitions. The Company patrols its concessions, monitors illegal 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 promptly terminated. In addition, as the Company's activities expand it may come into contact with or force out illegal miners, with accompanying safety and social risks, including the possibility of provoking social or political mobilization, or even physical violence. Furthermore, there is a risk that in the future, due to political, social or other factors, regulators may make decisions to grant rights 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. The Company employs a dedicated permitting team that is often supported by outside experts, including legal counsel and environmental consultants. Nonetheless, 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 changes in leadership, personnel and policies at regulators, the interpretation of applicable requirements implemented by permitting authorities, the expertise or diligence of civil servants, challenges presented by social and political actors, legal and regulatory reforms, and the timeframes for agency decisions. Government restructuring, such as the merger of the Ministry of Environment and National Water Secretariat (SENAGUA) -- recently renamed Ministry of Environment, Water and Ecological Transition --, may also impact bureaucratic efficiency and timing of permits. 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, which 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 that 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 it 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, 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.*

The mineral exploration industry is intensely competitive in all its phases. The Company competes with many companies, including some 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 commenced production in November 2019 and a great number of domestic and international mining companies undertaking exploration and development activities. As a result, mining equipment and expertise is limited and competition for contractors and 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 mineral 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, Metallurgy and Petroleum (CIM) Guidance for Mineral Resources and Mineral Reserves. 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 mineral resource 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 metals 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 some cases, cannot be foreseen or anticipated, or managed. These risks include, but are not limited to: health emergencies, tectonic or weather activity that may provoke landslides, damage infrastructure or other impacts; labour disruptions; health emergencies; fires; local political or social pressure; negative local or national reactions to activities by other mining actors, legal or illegal, in Ecuador or abroad; 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, engineering and environmental contractors, as well as expert attorneys and consultants. In addition, the Company may be unable to acquire or obtain such requirements as water rights, easements and other 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 administrative 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, which 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, in varying degrees, on adequate infrastructure. Reliable roads, bridges, power and fuel sources, as well as water supplies are important determinants that affect capital, as well as operating costs and safety. 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 are exposed to numerous hazards and risks that normally attach to exploration and development of precious and non-precious metals deposits, any of which could result in work stoppages, harm to personnel or contractors, damage to property, and possible environmental damage and liability. 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. Similarly, access agreements with landowners or possessors may also be subject to conflicting claims, which could impact the Company's operations.

- *The prices of gold, copper, and other base and precious metals can fluctuate significantly over time, as well as experience periods of major volatility, which may adversely affect the economic viability of the Company's mineral assets.*

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 (even months), and are affected by numerous factors beyond the Company's control, including: international economic and political events and trends; expectations about economic growth and 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 effects of these factors on the prices of gold and copper, as well as other precious and base metals, and, therefore, on the economic viability of any of the Company's mineral projects, cannot be accurately predicted, but nonetheless may adversely impact the Company's ability to raise capital and conduct its planned 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, criminal and other risks and uncertainties. These risks and uncertainties include, but are not limited to: illness; terrorism; hostage taking; public protests, including demonstrations and roadblocks; common and violent crime; military repression; high rates of inflation; labour unrest; social pressure; 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 government 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 national and more localized electoral results and political appointments; government austerity, restructuring and other measures impacting the political will and operational capabilities of ministries, agencies and other government entities; 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 of Ecuador's pro-mining policies, possibly precipitated by activists or indigenous groups opposed to extractive industries and/or foreign investment; local, municipal and provincial environmental protection and social investment initiatives; corrupt or unethical behaviour by government officials or agents, judges, media interests, and even Company employees or contractors; 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. In addition to the foregoing, the reputation of Ecuador as a developing nation, perceived by many as having a track record of economic and 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 or strategic investment for its projects.

Changes in mining or investment policies or shifts in political and public attitudes towards mining and / or foreign investment 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. As well as provincial and local norms, 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; corporate social responsibility; large mining activity, including exploration; artisanal mining; illegal mining; labour; health; transportation; water use; imports and exports; and, mine safety. Failure to comply strictly with applicable laws, regulations and local norms and 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 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.