LUMINEX RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

TSX-V: LR

www.luminexresources.com

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 unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the three months ended March 31, 2023 and 2022, and, consequently, should be read in conjunction with the aforementioned financial statements and notes thereto. This MD&A should also be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2022.

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 unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023 and 2022 were prepared in accordance with IAS 34 *Interim Financial Reporting*.

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 strategic objectives and going-forward plans, including the timing of ongoing drilling programs and updating mineral resource estimates;
- 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 evaluation and management of the impacts of COVID-19 and its variants;
- 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 advancement of the Orquideas concession to the "Advanced Exploration" mineral exploration phase;
- the Company's ability to define drill targets;
- the Company's ability to manage sole control and ownership of the joint venture company and Tarqui;
- 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 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 and other criminal activity, 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, prevent, control and terminate 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 use the proceeds of the financing for its stated purposes;
- 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, interpret and adapt to market, economic, political and social conditions (globally and in Ecuador);
- the ongoing public consultations in six parishes of Quito canton, in Pichincha province;
- the continued efforts of activist groups and the impact on obtaining and maintaining social licenses;
- the mining assets and properties acquired by the Company being and remaining attractive investment opportunities;
- the Government of Ecuador's acceptance of filings submitted for mineral concessions subject to four-year spending requirements in Ecuador;
- the Company's ability to continue as a going concern;
- the impact of current and future 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 advancement in exploration areas; anticipated political and social conditions and events; expected environmental conditions; expected Ecuador national, provincial and local government policies, including legal and regulatory reforms; anticipated outcomes of public consultations in relation to environmental permits and social licenses; 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 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 (including the executive and legislative assembly), provincial and local political leadership, through elections or otherwise, as well as the impacts these (and the processes leading up to them) 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 the impact of potentially negative public perception as a result of continued efforts by activist groups to impact the Company's ability to operate on its concessions;
- risks relating to governmental policies, administrative and social investment initiatives and measures, including: austerity and efficiency programs; government reorganization and restructuring, such as consolidation or decentralization of ministries and agencies and leadership changes at government bodies, such as the Ministry of Energy and Mines, 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; reforms to administrative processes and procedures; staffing changes and reductions; industry-wide audits or performance reviews; the government's political will and actual ability to enforce the law with regards to illegal miners and other bad actors; 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 and legislation 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, as well as other sectors (e.g., lands and environment) that can directly and indirectly impact formal mining activity, from policy to execution, and the impacts that uninformed, unethical 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 political instability derived from occasional antagonism or power struggles between the executive and legislative branches, between political parties, between different parts of the country, and between indigenous or other minority groups and the central government or other political authorities, as well as the effects these may have on investment, country risk ratings, public safety, administrative and judicial decisions and processes, and other aspects of doing business in Ecuador;
- risks relating to violent and non-violent crime and physical security risks on roads, as well as in rural and urban areas;
- 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 and surface lands owned by the Company;
- 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 or surface properties, with or without the involvement of national, provincial and local authorities;
- risks relating to Luminex's operations being subject to environmental and water use requirements, including remediation or fines for impacts caused by the Company or third parties;
- risks relating to Luminex's ability to source and keep 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, and widespread social protests;
- 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 inflation for key inputs, including labour, fuel, food, services and equipment;
- 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;
- 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 three months ended March 31, 2023 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 three months ended March 31, 2023.

Described in more detail below are the following:

- an update on the Company's Condor Project;
- an update on the Anglo American plc ("Anglo American") earn-in on the Pegasus Project;
- an update on the Japan Organization for Metals and Energy Security (formerly Japan Oil, Gas and Metals National Corporation) ("JOGMEC") earn-in on the Orquideas Project;
- an update on the Company's Tarqui concessions; and
- a summary of the Company's other early-stage projects.

Condor Project

The Company holds title to nine contiguous mineral concessions, totalling an area of 9,897 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. A reduction of 204 hectares to Escondida was made with effect on January 2, 2023. 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.

The Company announced the results of a PEA, prepared in accordance with NI 43-101, 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 98.7%-owned Condor Project comprised of the Los Cuyes, Soledad, Enma and Camp deposits (collectively known as "Condor North"). 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 thousand ounces ("koz") gold and 758 koz silver;
- 12-year mine life with a 25,000 tonnes per day 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.

During the year ended December 31, 2022, twenty-eight holes totalling 10,212 metres were drilled at the Condor Project. For 2023, and through to May 15, 2023, the Company has drilled a further nineteen holes totalling 6,704 metres, primarily at Los Cuyes (5,629 metres), but also at the Prometedor Gold prospect (825 metres in five holes) as well as a newly recognized Camp – Cuyes lookalike precious-metal target named Esperanza located a few hundred metres south of the Prometedor gold showings (250 metres in two holes). The Company announced results of drilling in news releases dated January 10, January 24, March 3, April 11, and May 18, 2023, providing updates on drilling at the Camp deposit and Los Cuyes. Copies of the news releases are available on the Company's website and SEDAR.

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

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) To earn a 25% interest in the Pegasus Project, which has been achieved, Anglo American was 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");

(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 March 31, 2023, Anglo American had incurred approximately $21.3 million towards its earn-in. The first earn-in ownership threshold of 25% occurred once $10 million had been spent across the concessions and $2.4 million of cash payments had been paid. Anglo American has fulfilled its obligations to satisfy the 25% threshold, and in February 2022, the Company received notice from Anglo American that it was exercising the first of its options under the Anglo Agreement to continue 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)	**$**	**2,400,000**
September 21, 2022 (received)		1,000,000
September 21, 2023		1,400,000
51% Interest Cumulative Cash Payment Milestone	**$**	**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 March 31, 2023
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		11,262,000
51% Interest Cumulative Spending Milestone	**$**	**35,000,000**	**$**	**21,262,000**
By September 21, 2025		15,000,000		-
60% Interest Cumulative Spending Milestone	**$**	**50,000,000**	**$**	**21,262,000**

Should Anglo American decide to only earn an interest up to the Initial Contribution, First Option or Second Option, the number of Class B common shares held by Anglo will be adjusted in accordance with the Anglo Agreement to result in a total retained interest in the Pegasus Project of 25%, 51% or 60% respectively.

As noted in Note 6(b) to the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023, 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 it will cause all its appointed directors to resign from Central and Central Ecuador.

Anglo American commenced its maiden drill program in January 2023, such program contemplating an initial 3,200 metres in five drill holes. Drilling was temporarily suspended during a period of local elections and heavy rainfall in the area but has since resumed with two holes completed and a third hole currently underway. Anglo American renewed all the concession licenses pertaining to Pegasus during the three months ended March 31, 2023.

JOGMEC Earn-in and Joint Venture Agreement on the Orquideas Concession

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 is managing and operating the exploration programs for Orquideas and receives a management fee based on expenses up to a maximum of 10%. Under the terms of the IA, JOGMEC had 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.

In September 2022, the Company submitted the four-year investment report for Orquideas (see below under "Other Concessions" for further information on this requirement) but is yet to receive a response from the Government of Ecuador on the filing. The size of the Orquideas concession was reduced from 4,743 to 4,219 hectares in March 2023 as part of the process to advance the concession to the next mineral exploration phase which under Ecuadorean Mining Law regulations is known as "Advanced Exploration" and which lasts for four years with two further two-year extensions possible. To March 31, 2023, JOGMEC has provided total funding of $2,072,665. No active work programs were carried out during the three months ended March 31, 2023, but the annual concession fees for Orquideas were paid in March 2023. Exploration activity is expected to resume in the second quarter of 2023.

Tarqui Concessions

The Company's Tarqui and Tarqui 2 mineral concessions ("Tarqui") were subject to an earn-in and joint venture agreement with BHP Group plc ("BHP"). On December 6, 2022, BHP and the Company signed a termination agreement whereby sole control and ownership of the joint venture company through which the earn-in was being operated, and Tarqui, would revert to Luminex and by which BHP would pay $100,000 to the Company as reimbursement for costs related to the termination. Prior to closing the termination agreement, BHP continued to solely manage the joint venture company. The termination agreement closed in January 2023. During the three months ended March 31, 2023, other than paying the annual concession fees for Tarqui, the Company carried out only minimal activity while it evaluates future plans.

Other Concessions

Lumina participated in the Government of Ecuador's mineral concession auction process in 2016 / 2017. Under the terms of the auction, a company awarded a concession is obligated to complete the investments proposed in the related application by the end of a four-year period. Should a company determine that it no longer wishes to retain a concession 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	Original Area (Ha)	Current Area (Ha)	General Location
Part of Condor Project			**Southern Ecuador**
Escondida	1,204	1,000	Adjacent to the Condor Project.
Santa Elena	628	628	Adjacent to the Condor Project.
Other Concessions			**Southern Ecuador**
Cascas 1 / Cascas 2 ("Cascas")	9,998	9,998	On trend with the Condor Project. Two concessions.
La Canela	3,187	2,783	On trend with the Condor Project.
Orquideas	4,743	4,219	On trend with the Condor Project.
Quimi / Quimi 2 ("Quimi")	2,732	2,732	On trend with the Condor Project. Two concessions.
Tarqui / Tarqui 2	4,817	4,817	On trend with the Condor Project. Two concessions.
Tres Picachos	4,828	4,828	On trend with the Condor Project.
			Northern Ecuador
Pegasus A / Pegasus B / Luz	67,360	63,679	Fifteen adjacent concessions located approximately 150km southwest of Quito in Cotopaxi Province.
TOTAL	**99,497**	**94,684**	

Further details on the commitments associated with the concessions are provided later in this MD&A in the section "Liquidity and Capital Resources." Exploration areas in Ecuador are generally reduced in size as exploration is advanced to new "phases" which accounts for the reduction in certain areas with other concessions still pending completion of this process or not yet at the point in time where this advancement is required.

In addition, on April 18, 2022, the Company announced that it had signed a binding agreement with Corporación Nacional del Cobre de Chile ("Codelco") to acquire its 100% owned Chalapo concessions (together, "Chalapo") 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.

Summary of activity

The Company's expenditures on its other concession areas, which include Cascas, Chalapo, La Canela, Quimi and Tres Picachos, during the three months ended March 31, 2023, were primarily limited to annual concession fees for 2023. Total expenses for these projects during the three months ended March 31, 2023 were $435,182 of which $379,927 related to the annual concession fees and related property fees. Current programs in these areas are being limited while the Company focuses on its Condor Project drill program.

In June 2021, the Company submitted its four-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 was submitted.

In January 2022, the Company submitted four-year investment reports for the Escondida and Santa Elena concessions (which are considered part of the Condor Project). Similar to the submission for Tres Picachos, only initial comments regarding the investment items have been received to date. The Company has submitted explanatory notes and continues to await an official status update.

In August 2022, the Company submitted the four-year investment reports for Quimi. To date, there has not been any reply from the Government of Ecuador on these filings.

FINANCING ACTIVITY

On April 28, 2022, the Company closed a non-brokered private placement of 23,690,000 units at a price of CAD$0.38 per unit for total proceeds of $6,855,306, net of issue costs of $161,765, which included finder's fees of up to 4% for a total of $88,882. Each unit was comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to acquire one common share of the Company at a price of CAD$0.55 per common share at any time to April 28, 2024. The proceeds of the financing were to be used for drilling work at the Condor Project and for general corporate purposes. All of the funds raised from this financing activity had been expended as at March 31, 2023.

On February 16, 2023, the Company closed brokered and non-brokered private placements of 41,666,667 units at a price of CAD$0.30 per unit for total proceeds of $8,771,739, net of issue costs of $529,548, which included finder's fees of up to 6% for a total of $310,763. Each unit was comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to acquire one common share of the Company at a price of CAD$0.44 per common share at any time to February 16, 2025. The proceeds of the financing are intended to be used for (i) Condor Project exploration ($6,921,000), (ii) land holding costs and project payments ($703,000), (iii) other Ecuadorian project work programs ($433,000) and (iv) working capital purposes ($953,000). Approximately $2.4 million of the net proceeds were utilized through to March 31, 2023.

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 its other projects, and notably Chalapo; (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 earn-in agreements previously announced by the Company, or eventually returning such projects to the Government of Ecuador if they do not meet the Company's evaluation thresholds. Following termination of the earn-in with BHP, the Company is seeking a partner for Tarqui as well as conducting internal evaluations to determine the future of the project.

Based on recent exploration results, as described earlier in this MD&A, the Company continues to focus its financial resources and field efforts on the known deposits and exploration targets at its Condor North area within the Condor Project. The focus of this work is to explore for additional higher-grade gold and silver resources to enhance the mine plan developed in the PEA. In parallel, Anglo American, as operator, continues to fund and advance the Pegasus project, while the Company remains the operator for JOGMEC on the Orquideas Project. Anglo American, is currently continuing its drill program at Pegasus. At Orquideas, the Company is working with JOGMEC to define a 2023 drilling program.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2023 and 2022 along with other public disclosure documents of the Company. For the three months ended March 31, 2023 the Company reported a net loss of $3,615,894 compared to a net loss of $2,082,762 for the three months ended March 31, 2022. 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 March 31, 2023 consisted of the Condor Project, Chalapo and various mineral concession rights that were transferred as part of the Arrangement on August 31, 2018. At March 31, 2023, the carrying value of the Condor Project was $29,715,626 (December 31, 2022 - $29,715,626).

In April 2022, the Company acquired Chalapo for $60,000, which amount remains included in accounts payable and accrued liabilities at March 31, 2023 pending final registration of the mineral concession titles in Ecuador. At March 31, 2023, the Company also has certain mineral concession rights with a net book value totalling $2,605,000 (December 31, 2022 - $2,605,000) relating to concession areas transferred to Luminex from Lumina. These are detailed in Notes 6(a) and (b) to the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023. E&E expenditures are expensed to profit and loss as incurred. These expenditures are discussed below and are disclosed in Note 6(c) of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023.

Expenses

Exploration and evaluation expenditures

Total E&E expenses for the three months ended March 31, 2023 were $3,002,433 compared to $1,746,853 for the three months ended March 31, 2022. Further details on expenses as they relate to specific projects and concession areas are noted below.

Condor Project

The majority of the Company's E&E expenditures were on the Condor Project where E&E expenditures for the three months ended March 31, 2023 and 2022 were as follows:

	Three months ended March 31, 2023	2022
Assays / Sampling	$ 136,344	$ 40,114
Camp	434,020	369,033
Camp access and improvements	22,991	23,945
Drilling	1,055,805	121,709
Engineering	421	16,724
Environmental, Health & Safety	125,024	172,902
Field office	83,258	80,171
Geological consulting and field staff	222,391	149,503
Legal fees	44,083	32,008
Mineral rights and property fees	107,494	103,074
Project management	62,828	36,526
Reports	1,344	-
Social and community	67,998	44,246
Transportation and accommodation	83,746	99,218
	$ 2,447,747	$ 1,289,173

Expenditures on the Condor Project for the three months ended March 31, 2023, reflect the Company's drilling activity as noted earlier in this MD&A with two drill rigs operating and a total of 4,690 metres drilled in the period. Drilling activity in the three months ended March 31, 2022, consisted of one rig which was moving between locations which reduced the total metres drilled to 359 metres in the period.

Other Projects

The Company's E&E expenditures on its other projects for the three months ended March 31, 2023 and 2022 were as follows:

	Three months ended March 31, 2023	2022
Assays / Sampling	$ -	$ 6,248
Camp	17,236	61,724
Environmental, Health & Safety	7,792	11,941
Field office	901	1,858
Geological consulting and field staff	2,094	35,159
Legal fees	1,304	4,296
Mineral rights and property fees	488,535	222,025
Project management	8,012	32,035
Reports	-	24,336
Social and community	27,317	43,737
Transportation and accommodation	3,495	14,321
	$ 554,686	$ 457,680

Details of expenses incurred on the Company's other projects can be reviewed in Note 6(c) to the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2023. Excluding mineral rights and property fees, E&E expenses for the three months ended March 31, 2023 were $66,151 compared to $235,655 for the three months ended March 31, 2022. The decrease in expenses was primarily as a result of the Company focussing efforts on the Condor Project in the three months ended March 31, 2023 while some soil sampling programs were being undertaken, primarily on Cascas, during the three months ended March 31, 2023 which also resulted in increased camp costs at that location. The increase in mineral rights and property fees (total of $488,535 for the three months ended March 31, 2023 compared to $222,025 for the three months ended March 31, 2022) was due to (i) the return of Tarqui to the Company following termination of the earn-in with BHP ($108,608 incurred in the three months ended March 31, 2023 compared to $Nil in the equivalent 2022 period) and (ii) the increase in annual concession fees for Tres Picachos ($108,630 for the three months ended March 31, 2023 compared to $51,697 in the 2022 period) due to the increased cost per hectare for the concession following its advance in phase under Ecuadorian mining legislation.

Other operating expenses

The Company's other operating expenses were as follows:

	Three months ended March 31, 2023	2022
Fees, salaries and other employee benefits	$ 200,593	$ 204,985
General and administration ("G&A")	187,863	154,402
Professional fees	88,947	87,943
	$ 477,403	$ 447,330

Fees, salaries and other employee benefits for the three months ended March 31, 2023 include $37,228 of share-based payment expense (three months ended March 31, 2022 - $50,126). Accordingly, fees, salaries and other benefits paid in the three months ended March 31, 2023 (excluding share-based payment expense) were $163,365 compared to $154,859 for the three months ended March 31, 2022, with the increase primarily due to an inflation adjustment in remuneration levels. G&A costs and professional fees were broadly consistent for the three months ended March 31, 2023 and 2022.

Other income / expenses

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

	Three months ended March 31, 2023	2022
Change in fair value of derivative liability (warrants)	$ (212,267)	$ -
Interest income and other	137,574	106,328
Interest expense and other	(1,022)	(1,244)
Foreign exchange (loss) gain	(60,343)	6,337
	$ (136,058)	$ 111,421

The Company's interest and other income for the three months ended March 31, 2023, includes $100,000 from BHP pursuant to the termination agreement on their earn-in on Tarqui (three months ended March 31, 2022 - $Nil) and $6,821 received from

JOGMEC pertaining to operator fees due to the Company (three months ended March 31, 2022 - $105,647). During the three months ended March 31, 2023, the Company earned interest income from cash on deposit totaling $30,628 (three months ended March 31, 2022 - $681). A breakdown of interest and other income can be reviewed in Note 18 to the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023.

Loss from the change in fair value of derivative liability arose as a result of the change in value of the Company's warrant derivative liability during the three months ended March 31, 2023. See Note 9 in the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023 for additional details on the derivative liability and change in market valuation. There were no equivalent warrants outstanding during the three months ended March 31, 2022.

Interest expense arises from the implied interest on the Company's lease obligations as required under IFRS 16 *Leases*. Foreign exchange gains and losses primarily arise on Canadian dollars held to fund Canadian G&A expenditures, which funds are subject to changes in the exchange rate between as the Canadian and U.S. dollar.

Related Party Transactions

The Company incurred the following expenses with related parties:

Related company	Nature of transactions	Three months ended March 31, 2023	Three months ended March 31, 2022
Hathaway Consulting Ltd.	Fees	$ 25,699	$ 26,708
Into the Blue Management Inc.	Fees	20,715	20,627
Koval Management, Inc.	Fees	35,572	36,973
La Mar Consulting Inc.	E&E (social and community)	28,342	34,395
Lumina	E&E (field office/project management/travel)	-	222
Lumina	G&A	5,457	2,438
Lyle E Braaten Law Corp.	Fees	19,533	18,974
Miedzi Copper Corp. ("Miedzi")	E&E (geological)	21,641	-
Miedzi	G&A	9,603	9,862
Miedzi	Fees	48,420	51,104
		$ 214,982	$ 201,303

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. The following amounts owing to related parties were included in accounts payable and accrued liabilities:

Related company	March 31, 2023	December 31, 2022
Hathaway Consulting Ltd.	$ -	$ 29,533
Into the Blue Management Inc.	-	22,150
Koval Management, Inc.	-	29,533
La Mar Consulting Inc.	-	18,458
Lyle E Braaten Law Corp.	-	18,458
Miedzi	-	38,763
	$ -	$ 156,895

SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

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

Three months ended:	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Revenue	$ -	$ -	$ -	$ -
Expenses	(3,479,836)	(3,176,006)	(3,375,489)	(2,510,803)
Other (expenses) income	(136,058)	(159,998)	1,198,598	260,623
Net loss for the period	(3,615,894)	(3,336,004)	(2,176,891)	(2,250,180)
Net loss for the period attributable to owners of the Company	$ (3,587,383)	$ (3,308,346)	$ (2,145,670)	$ (2,229,821)
Basic and diluted loss per share attributable to owners of the Company	$ (0.02)	$ (0.03)	$ (0.02)	$ (0.02)

Three months ended:	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Revenue	$ -	$ -	$ -	$ -
Expenses	(2,194,183)	(3,449,412)	(3,187,071)	(3,479,266)
Other income	111,421	34,888	427,387	323,657
Net loss for the period	(2,082,762)	(3,414,524)	(2,759,684)	(3,155,609)
Net loss for the period attributable to owners of the Company	$ (2,038,979)	$ (3,306,786)	$ (2,689,483)	$ (3,111,931)
Basic and diluted loss per share attributable to owners of the Company	$ (0.02)	$ (0.03)	$ (0.02)	$ (0.03)

Expenses for the three months ended June 30, 2021 totalled $3,479,266, reflecting expenditures on the Condor PEA (announced in July 2021) and the ongoing cost of exploration programs at the Cascas and the Condor Projects. Approximately 3,400 metres were drilled at the Condor Project during the three months ended June 30, 2021, while soil sampling programs were being undertaken at Cascas.

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 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 three months ended December 31, 2021 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.

Expenses for the three months ended March 31, 2022 totalled $2,194,183, a significant reduction from the three months ended December 31, 2021. Outside the share-based payment expense and annual bonuses during the three months ended December 31, 2021, the decrease in expenses can be attributed to the following factors: (i) lower drilling metres at the Condor Project; (ii) reduction in activities at Cascas; and (iii) focus on the Orquideas Project with funding being provided by JOGMEC pursuant to their earn-in on that project.

Expenses for the three months ended June 30, 2022, totalled $2,510,803, an increase of $316,620 compared to the three months ended March 31, 2022. This was primarily driven by the increased level of drilling activity at the Condor Project with more metres being drilled and a second rig being added to the program.

Expenses for the three months ended September 30, 2022, totalled $3,375,489, an increase of $864,686 compared to the three months ended June 30, 2022. The main driver for this increase was the level of drilling activity with two rigs operating during the quarter. This resulted in an increase of approximately $631,000 related to drilling alone, period on period.

Expenses for the three months ended December 31, 2022 were $3,176,006, a decrease of $199,483 compared to the three months ended September 30, 2022 which reflects the slight slow down in exploration activity, notably with a pause over the Christmas and New Year periods. This was offset with additional expenses incurred in the three months ended December 31, 2022 as a result of (i) stock options granted in November 2022 (along with the related Black-Scholes calculated share-based payment expense) and (ii) annual bonuses for Company personnel.

Expenses for the three months ended March 31, 2023 were $3,479,836, an increase of $303,830 compared to the three months ended December 31, 2022. The increase in expenses arose primarily as a result of the ongoing drilling campaign at the Condor Project and the payment of 2023 annual concession and property fees which totalled $596,029 across the Company's various projects.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's expenses and mineral property costs is provided earlier in this MD&A and in Note 6 of the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2023, the Company had cash of $6,399,926 compared to cash of $1,281,749 at December 31, 2022. The Company's working capital balance at March 31, 2023 was $5,651,259 compared to $232,153 at December 31, 2022. The Company's cash at March 31, 2023, 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 March 31, 2023, approximately $5,828,000 of the Company's cash and cash equivalents were held at Scotiabank, a major chartered bank in Canada, and approximately $572,000 was held at two banks 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 March 31, 2023.

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 19 of the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2023. Those disclosures, and the commitment amounts below, exclude amounts for the Pegasus Project, which is being managed by Anglo American and the Orquideas Project which, at March 31, 2023, was being earned-in on by JOGMEC. Based upon expenditures reported by Anglo American, the Company believes that the four-year commitments (see below) for the Pegasus Project concessions have been achieved.

For 2023, the Company has, as part of its annual reporting process on exploration activities, made a commitment to ARCERNNR to spend a total of approximately $609,000 on its projects. At March 31, 2023, the Company estimates that approximately $7,000 remains to be incurred.

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 Mines issued a Ministerial Decree that, among other items, had the effect of extending the timeframe of the four-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 four-year reporting periods now range from May 11, 2021 to July 15, 2024. The process for reporting and classification of allowable costs is yet to be tested in Ecuador. The Company has submitted filings for the four-year anniversary reports for the Tres Picachos, Escondida, Santa Elena and Quimi concessions but has yet to receive official confirmation from the Government of Ecuador apart from some initial queries. 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 March 31, 2023, the Company estimates that is has met the four-year reporting spend on all its concessions. As noted above, the Company believes that Anglo American have spent in excess of the required four-year amounts for the Pegasus Project. Following the earn-in arrangement with JOGMEC on the Orquideas Project, and the infusion of approximately $2.1 million in funding to date, the Company notes that the spending requirement for Orquideas has been satisfied.

As noted in Note 2(b) to the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2023, the Company has incurred cumulative losses of $63,161,794 and will continue to incur losses and cash expenditures 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.

COVID-19 and other geopolitical matters such as the Russia / Ukraine conflict continue to impact world affairs. These events continue to present challenges, and the ultimate duration and magnitude of their 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 and adapt its business plans accordingly.

On April 28, 2022, the Company closed a non-brokered private placement of 23,690,000 units at a price of CAD$0.38 per unit for net proceeds of $6,855,306. Each unit comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share of the Company at a price of CAD$0.55 per common share for a two-year period to April 28, 2024.

On February 16, 2023, the Company closed brokered and non-brokered private placements whereby 41,666,667 units were issued at a price of CAD$0.30 per unit, for net proceeds of $8,771,739. Each unit comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of CAD$0.44 per common share at any time during the 24-month period following the closing date.

While the Company closed brokered and non-brokered private placements of units, as noted in the preceding paragraphs, 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.

FINANCIAL INSTRUMENTS

At March 31, 2023, the Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities, lease obligations and derivative liability (re warrants). 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 cash and cash equivalents, other receivables and accounts payable and accrued liabilities 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. Lease obligations are initially measured at their fair value with subsequent measurement at amortized cost using the effective interest rate method. Derivative liability financial instruments are measured at fair value with changes in fair value recognized in the condensed consolidated interim statements of loss and comprehensive loss.

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

- Cash: amortized cost.
- Other receivables: amortized cost.
- Accounts payable and accrued liabilities: amortized cost.
- Lease obligations: amortized cost.
- Derivative liability: fair value through profit and loss.

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 unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023. The Company's exposure to credit risk on its cash is limited by maintaining that asset with high-credit quality financial institutions. The Company may be exposed to the credit risk of its banks in Ecuador which hold cash for the Company's Ecuadorian operations. The Company limits its exposure to this risk by maintaining minimal cash balances in Ecuador, normally sufficient to fund the next month's operations.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its obligations. The Company typically forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash on hand, disposition of assets, accessing capital markets and/or loan advances. At March 31, 2023, the Company's current liabilities consisted of accounts payable and accrued liabilities and lease obligations totaling $878,583 which are due primarily within the next quarter. The Company's cash of $6,399,926 on March 31, 2023 was sufficient to pay the accounts payable and accrued liabilities at that date.

Market Risks

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

Interest rate risk

Interest rate risk is the risk that the future cash flows of the Company will fluctuate because of changes in market interest rates. Included in net loss for the three months ended March 31, 2023 is interest income earned on the Company's cash. Based on the Company's cash on March 31, 2023, 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 $64,000 (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 period.

The Company is exposed to foreign exchange and currency risks arising from fluctuations in foreign exchange rates among the U.S. dollar and Canadian dollar and the degree of volatility of these rates. The Company usually keeps the majority of its cash in U.S. dollars, but this can be affected by the timing of financings as private placements are carried out Canadian dollars such as the financings in April 2022 and February 2023. 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 March 31, 2023, the Company's cash was primarily held in Canadian dollars as disclosed in Note 3 of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023. 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 $24,000 to the results of operations based upon the foreign currency financial instruments (including cash, accounts payable and accrued liabilities and derivative liability) held at March 31, 2023.

SHARE CAPITAL

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

Common shares:	173,930,019	
Common share purchase options:	6,844,500	exercisable between CAD$0.25 - CAD$0.80 per option.
Common share purchase warrants:	32,678,333	exercisable between CAD$0.44 - CAD$0.55 per warrant.

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 condensed consolidated interim financial statements and the uncertainties that could have a bearing on its financial results.

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(b) of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023, the Company has incurred cumulative losses of $63,161,794, has reported a net loss attributable to owners of the Company of $3,587,383 and incurred operating expenditures of $3,675,432 for the three months ended March 31, 2023. 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.

Valuation of derivative liabilities

The valuation of the Company's derivative financial instruments requires the use of option pricing models such as Black-Scholes or other valuation techniques. Measurement of warrants with exercise prices denominated in Canadian dollars that are not listed for trading is based on an option pricing model that uses assumptions with respect to share price, expected life, share price volatility and discount rates. Changes in these assumptions and estimates could result in changes in the fair value of these instruments and a corresponding change in the amount recognized in net income (loss). See Note 9 to the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023 for additional details relating to the valuation of the Company's warrant liability derivative.

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

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

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

Mineral exploration involves a high degree of risk. Few properties 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/or political opposition or strife, crime, 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 personnel, 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 project feasibility and 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 and evolving Canadian and Ecuadorian federal, state, provincial, territorial and local policies, laws and regulations governing various matters, including, but not limited to:

  - land access, use and ownership;
  - water use;
  - environmental performance, management and protection;
  - health and industrial safety;
  - land use designations and restrictions;
  - social consultation and public referendums;
  - indigenous rights, including over ancestral lands;
  - archaeology and historic and cultural preservation;
  - artisanal mining;
  - corporate social responsibility;
  - judicial or regulatory 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 related operations, and closure and reclamation;
  - exports and imports, including duties;
  - securities and finance regulations;
  - taxation;
  - mining royalties;
  - escalated fees or other financial contributions that may become payable in response to public emergencies;
  - 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; and,
  - requirements and restrictions related to the COVID-19 virus and other public emergencies.

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, regulations and rulings could allow governmental authorities, non-governmental and social organizations and private parties to bring complaints or lawsuits against the Company based upon alleged damage or risks 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 contractors and 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 keep track of and 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 fully 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 or other regional or local officials or judicial authorities 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, protection of biodiversity, 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, perceived or misrepresented 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 incidents are reported to authorities 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, lands owned or possessed by local communities. As a result, it usually requires 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, installation of temporary camps and drilling platforms, local employment, social investment, contracting of goods and services, and/or other needs. 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, in addition to the Company, as well as expectations related to Company employment, social investment programs and other benefits, and concerns over land and water use and impacts, typically vary from place to place.

Every local stakeholder relationship 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, social or criminal 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 demands, 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 plans and activities could be affected.

Additionally, in recent years, local political and social groups and organizations, including indigenous confederations, have increased their activities related to extractive industries in many countries, 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 political and credit risk ratings of Ecuador, as well as 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. A similar public consultation vote is due to be scheduled in six parishes of Quito canton, in Pichincha province, sometime in 2023.

Activists have also brought claims, with mixed results, before the courts requesting they suspend environmental permits or otherwise 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 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. Likewise, the Ministry of Environment, Water and Ecological Transition (MAATE), responding to a series of rulings from the Constitutional Court, is undertaking a reform to its norms on public participation, which must be fulfilled as part of its different environmental permitting processes; timing for completion of these modifications remains uncertain, but is expected to occur in 2023, although activist groups are seeking to slow down the process through legal filings.

In June 2022, Ecuador experienced eighteen days of widespread and at times violent protests. The unrest concluded with the signing of a Peace Agreement, whereby the Government of Ecuador made a number of promises in exchange for the end of the protests. The next step was for the Peace Agreement to be consolidated via specific commitments to be negotiated at dialogue tables between government authorities and representative of indigenous organizations and other groups; these dialogue tables were all closed in October 2022 gave rise to technical tables to oversee the implementation of agreements reached. While the National Mining Policy (Supreme Decree 151) remains in force. President Guillermo Lasso did agree to abdicate his special authority to approve mining activity in hydric protection areas, intangible zones, protected areas, archaeological zones, and indigenous ancestral territories. Government authorities have indicated that acquired rights would not be impacted by any new commitments which would apply solely to future concession grants, however there can be no guarantee that this will be the case. Also, as part of the Peace Agreement, the government committed to issue a Law on Prior Consultation; Minister of Energy and Mines Fernando Santos Alvite in early November announced that a draft law will be presented to the Assembly in the near-term.

- *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 or they may simply enter a new area to try to profit from high gold prices. Some of these operations may be driven by money laundering or other agendas of criminal elements. Local and national political and regulatory authorities may come under pressure to support or not impede the ambitions of illegal mining 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 or illegal 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 be fully aligned or have the necessary expertise, resources or ethical 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 and processes at regulatory entities, the interpretation of applicable requirements implemented by permitting authorities, the expertise or diligence of civil servants, challenges presented by social and political actors, political stability, legal and regulatory reform, and the timeframes for agency decisions. Government restructuring, such as the merger of the Ministry of Environment and National Water Secretariat (SENAGUA), subsequently 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 permitting processes could slow exploration and/or development or impede the eventual mining operations, 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, some of which possess 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 three medium-sized mines projected to go into construction in the next year. 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: fluctuations in supply, demand and market prices; 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: inflation of prices for labour, goods and services; health emergencies, tectonic or weather activity that may provoke landslides, damage infrastructure or other impacts; labour disruptions; health emergencies; fires; national and local political or social pressure; negative local or national reactions to the activities of the Company or other mining actors, legal or illegal, in Ecuador or abroad; legislative and regulatory changes; non-violent and violent crime; corruption and general insecurity; 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 necessary 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 regularly 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, exploration, development and production activities depend, to differing degrees, on adequate infrastructure. Reliable roads, bridges, ports, 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 secure from vendors in connection with the acquisition of, or options to acquire, an interest in their mining properties and surface rights, and has conducted reasonable investigations of legal title to each such property, the rights the Company has obtained 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, other precious and base metals, and oil and other commodities 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 execute 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 and may be exposed to various types and degrees of security, economic, labour, political, social, criminal, legal, regulatory 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 and any results thereof, including commitments made by national, provincial and local authorities; common and violent crime, including extortion and intimidation; 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 coup d'état, presidential impeachment, and national and more localized electoral results and political appointments; government austerity, restructuring and other measures impacting the political will and operational capabilities of ministries, regulatory 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; local, municipal and provincial environmental and water 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 challenging 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 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; water use; land claims or other demands by local people; indigenous rights; social consultation and other permitting requirements; corporate social responsibility; archaeological remains; large mining activity, including exploration and open pit mining; 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, suspension, 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 impact and risks arising from epidemic diseases, such as COVID-19 may have a significant impact on the Company.*

The impacts of the still ongoing COVID-19 pandemic, as well as its variants, on the Company are unpredictable. While restrictions have been reduced, the Company continues to adapt work 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 Ecuador's national vaccination campaign has been a success and the virulence of the virus's variants is waning, 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 United States of America, 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, 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.

- *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.