LUMINEX RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018 AND PERIOD FROM INCORPORATION ON MARCH 16, 2018 TO SEPTEMBER 30, 2018

TSX-V: LR

www.luminexresources.com

Management's Discussion and Analysis
For the Three Months Ended September 30, 2018 and Period
From Incorporation on March 16, 2018 to September 30, 2018 **November 27, 2018**

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* of British Columbia on March 16, 2018 pursuant to a plan of arrangement (the "Arrangement") to reorganize Lumina Gold Corp. ("Lumina") which was completed on August 31, 2018. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "LR".

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

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Luminex and its subsidiaries during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the three months ended September 30, 2018 and period from incorporation on March 16, 2018 to September 30, 2018, and, consequently, should be read in conjunction with the aforementioned financial statements and notes thereto.

ADDITIONAL INFORMATION

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

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

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

FORWARD-LOOKING INFORMATION

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

- the Company's going-forward strategy;
- the Company's acquisition of concessions and projects, and the regulatory reporting and amount of spending required to maintain the concessions in good-standing;
- Company plans and activities required to continue or initiate exploration and drilling programs;
- timing and prospects of future exploration and development work and expenditures on the Company's projects;
- estimates of mineral resources at the Company's projects;
- potential economic recoveries at the Company's projects;
- estimates of future metal prices;
- possible related discoveries or extensions of new mineralization or increases or upgrades to reported mineral resource estimates at the Company's projects;
- the upgrading of Inferred Mineral Resources to Indicated or Measured Mineral Resources;
- the Company's ability to comply with permitting and regulatory requirements related to exploration and development and related operations, as well as any associated costs and timing;
- prospects for identifying and/or acquiring additional mining concessions or projects, within or outside of Ecuador;
- the Company's plans, actions and timing to renounce certain non-core concession areas;
- the Company's ability to continue as a going concern;
- the impact of future accounting standards on the Company;
- the risks and uncertainties around the Company's business;
- the Company's expectation of sustained improvement in copper and gold markets;
- the adequacy of the Company's working capital;
- the Company's ability to raise additional financing or find alternative ways to advance its corporate objectives, as well as the use of any financing proceeds;

- the Company's efforts to monitor market and political conditions (globally and in Ecuador), including the Government of Ecuador's implementation of a future concession tender process;
- the Company's efforts to evaluate, and bid on, additional exploration project opportunities in Ecuador and elsewhere;
- the Company's ability, with government support, to control incursions by informal miners into its concessions;
- the validity of the Government of Ecuador's mineral concession auction process and the rights granted thereby;
- 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 reforms, including consolidating the changes made via the Ministerial Agreement that allows for non-systematic exploration drilling;
- Ecuador remaining a jurisdiction that is attractive to mining investors;
- legislative and regulatory reform processes, including those related to the fiscal regime, and their potential effects on Luminex; and,
- the mining assets and properties acquired by the Company being and remaining attractive investment opportunities.

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

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

- risks relating to price fluctuations for gold, copper, and other precious and base metals;
- risks inherent in mineral resource estimation;
- risks relating to government expropriation of the Company's mineral property interests;
- risks relating to all the Company's mineral concessions and projects being located in Ecuador, including political, social, economic, security and regulatory instability;
- risks relating to changes in Ecuador's national, provincial and local political leadership, including impacts these may have on general and mining specific public policies, administrative agencies and other governmental institutions, including the Ombudsman and the judiciary, and social stability;
- risks relating to local political and social unrest, including opposition to mining, pressure for economic benefits such as employment or social investment programs, access to land for agricultural or artisanal or illegal mining purposes, permission to conduct artisanal hard rock or alluvial mining on Company concessions, or other local political and social pressures;
- risks relating to the social, environmental and geological conditions in areas in proximity to the concessions under development;
- risks relating to Luminex's rights or activities being impacted by litigation or administrative processes;
- risks relating to Luminex's ability to access concession surface areas and other properties needed to advance its exploration and development programs;
- risks relating to Luminex's ability to prevent illegal mining on its concessions, with or without the involvement of national, provincial and local authorities;
- risks relating to Luminex's operations being subject to environmental requirements, including remediation;
- risks relating to Luminex's ability to source qualified human resources, including managers, employees, consultants, attorneys, and sub-contractors, as well as the performances of all such resources (including human error and actions outside of the control of Luminex, such as wilful negligence of its counterparties or agents);
- risks of title disputes or claims affecting mining concessions or surface ownership rights;
- risks relating to adverse changes to laws, regulations or other norms placing increased regulatory burdens or extending timelines for regulatory approval processes, including environmental, safety, social, taxation and other matters;
- risks relating to delays in obtaining governmental approvals or permits necessary for the execution of exploration, development or construction activities;
- risks relating to failure of plant, equipment or processes to operate as anticipated;
- risks relating to performance of human resources, such as accidents and labour disputes;
- risks relating to competition inherent in the mining exploration industry, in Ecuador and elsewhere;
- risks of impacts from unpredictable natural occurrences, such as adverse weather conditions, fire, natural erosion, landslides, and geological activity, including earthquakes and volcanic activity;
- risks relating to inadequate insurance or inability to obtain insurance;

- risks relating to the fact that Luminex's properties are not yet in commercial production;
- risks relating to the Company's ability to obtain necessary funding for its operations, at all or on terms acceptable to the Company;
- risks relating to the Company's concessions that are subject to earn-in arrangements, including the provision of ongoing funding to progress the mineral concessions and meet required spending commitments in Ecuador;
- risks relating to the Company's working capital and requirements for additional capital;
- risks relating to currency exchange fluctuations or change in national currency;
- risks relating to fluctuations in interest and inflation rates;
- risks relating to restrictions on access to and movement of capital;
- risks relating to the value of the Company's common shares fluctuating based on market factors;
- risks relating to the Company's dependence on key personnel; and
- other risks of the mining industry.

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

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

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

OVERVIEW OF SIGNIFICANT EVENTS AND REVIEW OF ACTIVITIES

In order to better understand the Company's financial results, it is important to gain an appreciation of the significant events, transactions and activities involving mineral property interests that occurred during the period from incorporation on March 16, 2018 and the three months ended September 30, 2018 and to the date of this MD&A. This overview should be read in conjunction with the remainder of this MD&A to more fully appreciate the Company's results and activities for the period from incorporation on March 16, 2018 and three months ended September 30, 2018.

Condor Project

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

Within the overall Condor Project, the Chinapintza and Los Cuyes deposits are hosted in a subvolcanic system consisting primarily of epithermal high-grade gold veins and breccia. South and southwest of this system respectively are the Santa Barbara gold and copper porphyry disseminated deposit and the El Hito copper and molybdenum deposit. In addition to these 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 gold rich anomalies.

The Condor Project is located within the Zamora-Chinchipe Province in southwestern Ecuador. The region 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 is approximately 35 km of gravel road passing through several villages to the Condor Project. Lundin Gold Inc.'s Fruta del Norte gold project is located approximately 30 km to the north.

Prior to the transfer of the Condor Project to Luminex pursuant to the Arrangement, a total of 29 km of IP geophysical surveying on the Condor Project was conducted between November 2017 and January 2018. The survey was initially scheduled for completion before the drill program was initiated on the Condor Project. However, delays importing the geophysics contractor's equipment impacted the schedule and the drill contractors arrived on site prior to the geophysics equipment; as a result, a planned 5,000 metre drill program was initiated at the Santa Barbara deposit on November 6, 2017. Drilling, which was included in the updated mineral resource estimate below, was terminated in February 2018 after a total of 1,907 metres in nine holes. Drilling at Santa Barbara and additional drill targets identified in the geophysical and geochemical surveys is expected to resume in 2018.

On May 14, 2018, Lumina announced an updated mineral resource estimate for the Condor Project, with an effective date of April 5, 2018. The mineral resource estimate summary is as follows:

Deposit	Million Tonnes	Average Grade				Contained Metal			
		AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	AuEq (Moz)	Au (Moz)	Ag (Moz)	Cu (Mlbs)
Indicated									
Santa Barbara	13.3	0.78	0.63	0.7	0.09	0.3	0.3	0.3	27
Soledad	11.6	0.81	0.72	5.3	0.01	0.3	0.3	2.0	3
Los Cuyes	38.6	0.77	0.68	5.5	0.02	1.0	0.8	6.9	13
Enma	0.4	0.91	0.76	11.9	0.01	0.01	0.01	0.1	0.1
Total Indicated	**63.8**	**0.78**	**0.68**	**4.5**	**0.03**	**1.6**	**1.4**	**9.2**	**43**

Deposit	Million Tonnes	Average Grade				Contained Metal			
		AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	AuEq (Moz)	Au (Moz)	Ag (Moz)	Cu (Mlbs)
Inferred									
Santa Barbara	119.0	0.69	0.52	0.9	0.10	2.6	2.0	3.5	255
Soledad	2.8	0.59	0.54	3.1	0.01	0.05	0.05	0.3	1
Los Cuyes	22.7	0.73	0.65	5.7	0.01	0.5	0.5	4.1	4
Enma	0.03	1.26	1.12	10.4	0.01	0.001	0.001	0.01	0.01
Total Inferred	**144.5**	**0.69**	**0.54**	**1.7**	**0.08**	**3.2**	**2.5**	**7.9**	**260**

Notes:
(1) There are no known issues related to environmental, permitting, legal, taxation, socio-economic, marketing, or political issues that could materially affect the mineral resource.
(2) The quantity and grade of reported Inferred mineral resources in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred mineral resources as an Indicated or Measured mineral resource. It is reasonable to expect that the majority of Inferred mineral resources could be upgraded to Indicated or Measured mineral resources with continued exploration.
(3) The mineral resources in this estimate were calculated with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions.
(4) Gold equivalent values were calculated using the following prices: for gold a price of US$1,400 per ounce, for copper a price of US$3.25 per pound and for silver a price of US$17 per ounce. Gold equivalent values can be calculated using the following formula: AuEq = Au g/t+(Ag g/t*0.0122)+(Cu%*1.592).
(5) The base case cut-off grade for the estimate of mineral resources is 0.35g/t AuEq.
(6) The Indicated and Inferred mineral resources are contained within a limiting pit shell and comprise a coherent body.
(7) Rounding of contained metal to Moz may result in rounding differences upon addition of columns.

Further details on the updated mineral resource estimate can be found in Lumina's news release of May 14, 2018, entitled "Lumina Gold Announces Updated Condor Mineral Resource Estimate" and in the technical report entitled "Condor Project, Ecuador Amended and Restated NI 43-101 Technical Report" with an effective date of May 14, 2018 and an execution date of July 10, 2018.

In addition to the work at Santa Barbara, the Company continues to conduct initial exploration within the Condor Project concessions. The focus of this work has been geologic mapping, soil and rock sampling at the Prometedor, Silica Cap, Camp Zone and Esperanza gold-in-soil anomalies in order to define and prioritize drill targets

Other Concessions

Over the past three years, the Government of Ecuador has been proactively implementing measures to improve the investment climate for mining in Ecuador. These have included the following measures and actions: (i) legislation extending the recovery of Value Added Tax to the mining industry after January 1, 2018; (ii) opening up the small mining regime to foreign investment; (iii) implementation and execution of an auction process in 2016 and early 2017 for initial and advanced mineral exploration concessions; (iv) negotiation and signing of various agreements to allow for the development of the Fruta del Norte and Rio Blanco projects; and (v) formal elimination of the windfall profits tax, reduction of potential NSR royalty, and moderation of the effects of the capital gains taxes for non-resident companies. The agreements signed included an exploitation agreement and an investment protection agreement, instruments intended to provide greater certainty to mining operations in Ecuador. President Lenin Moreno has stated that his administration will continue policies intended to attract investment into, and promote the development of, Ecuador's mining industry.

Lumina participated in the Government of Ecuador's mineral concession auction process. Under the terms of the auction, a company that is awarded a concession is obligated to complete the investments proposed in the related application by the end of a four-year period. Should a company determine that it no longer wishes to retain a concession area it can cease active spending and the concession will be forfeited back to the Government of Ecuador, provided that the Government of Ecuador mandated minimum expenditures have been met to that point in time, which are \$5 per hectare for the first two years of concession ownership and \$10 per hectare for years three and four.

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

Concession Name	Area (Ha)	General Location
Cascas (1)	9,998	Two concessions located on trend with the Condor Project.
Escondida (2)	1,204	Located adjacent to the Condor Project.
La Canela	3,187	Located on trend with the Condor Project.
Orquideas	4,743	Located on trend with the Condor Project.
Palma Real (1)	19,775	Four concessions located approximately 170km northwest of Quito in the western foothills of the Andes in Esmeraldas Province.
Pegasus A / Pegasus B / Luz	67,360	Fifteen adjacent concessions located approximately 150km southwest of Quito in Cotopaxi Province.
Quimi (1)	2,732	Two concessions located on trend with the Condor Project.
Santa Elena (1)(2)	628	Located adjacent to the Condor Project.
Tarqui (1)	4,817	Two concessions located on trend with the Condor Project.
Tres Picachos	4,828	Located on trend with the Condor Project.
TOTAL	**119,272**	

Notes:
(1) Concessions acquired by way of option agreement with Proyectmin S.A., a related party to Lumina. Under the terms of the option agreement, Lumina was responsible for funding the required work commitments on the concessions. After two years, the concessions were to be transferred to Lumina. On April 18, 2018, Luminex acquired 100% of the shares of Proyectmin S.A. for \$35,000 which eliminates the option agreement as the ownership of the concessions is now directly controlled by Luminex.
(2) The Escondida and Santa Elena concessions are included as part of the Condor Project.

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

First Quantum Minerals Ltd. ("First Quantum") Earn-In

On June 20, 2018, Lumina signed a formal earn-in agreement (the "FQM Earn-in Agreement") with First Quantum relating to the Orquideas and Cascas concessions (the "Properties"). The FQM Earn-in Agreement was assigned to Luminex prior to completion of the Arrangement on August 31, 2018. Under the terms of the Earn-in Agreement, First Quantum committed to fund a minimum of \$1.5 million in exploration expenditures and fees by the end of year one, after which it can withdraw from the agreement with no retained interest. If First Quantum chooses to continue funding beyond the first year they would have the right to earn 51% ownership in the Properties ("First Earn-in") by meeting the required spending commitments over the five-year period and paying certain cash payments to the Company. Spending commitments and estimated concession license fees over the First Earn-in total \$31.5 million. Pursuant to the terms of the FQM Earn-in Agreement, Lumina received \$100,000 upon signing ("Signing Bonus") and in addition, further cash payments of \$6.9 million would be received over the duration of the First Earn-in period, which payments will be remitted to Luminex.

First Quantum has the right under the agreement to stop funding prior to completion of the First Earn-in on either or both of the Properties. First Quantum also has the right to earn an additional 19% ownership in the Properties ("Second Earn-in") by funding all the required work until a decision to commence commercial development of a mine. If the First Earn-in and Second Earn-in are completed, First Quantum's ownership in the Properties will be 70%. After the completion of the Second Earn-in, Luminex would be responsible for funding its 30% share of any capital required to develop and construct a mine at the Properties.

First Quantum and Lumina also entered into a services agreement (the "Services Agreement") whereby Lumina will act as the manager of the works programs to be conducted under the direction of First Quantum. The Services Agreement was assigned to Luminex pursuant to the Arrangement. As manager, Luminex is entitled to charge an overhead and recovery fee of 10% of the expenditures incurred on the Properties, which costs will count towards First Quantum's total expenditures under the First Earn-in. First Quantum has the right to replace Luminex as Manager in certain circumstances.

Below is a summary table illustrating the First Earn-in spending commitments and milestones pursuant to the FQM Earn-In Agreement, along with a summary of the expenditures incurred by First Quantum to September 30, 2018:

				Orquideas		Cascas	
Year	**Cash Payments**	**Due date for cash payment**	**Due date for spend**	**Spend Commitment**	**Spend to September 30, 2018**	**Spend Commitment**	**Spend to September 30, 2018**
1	$100,000	On signing (paid)	February 17, 2019	$850,000	$850,000	$550,000	$165,000
2	$150,000	February 18, 2019	February 17, 2020	$2,250,000	$398,000	$750,000	-
3	$250,000	February 18, 2020	February 17, 2021	$3,100,000	-	$1,500,000	-
4	$500,000	February 18, 2021	February 17, 2022	$5,000,000	-	$2,500,000	-
5	$1,000,000	February 18, 2022	February 17, 2023	$10,000,000	-	$5,000,000	-
End of Year 5	$5,000,000	February 17, 2023		-	-	-	-
Total First Earn-In Expenditures	**$7,000,000**			**$21,200,000**	**$1,248,000**	**$10,300,000**	**$165,000**

First Quantum has the right to effect a full or partial withdrawal from the Earn-in. In the event of a partial withdrawal (i.e. from just the Cascas or just the Orquideas concessions), the remaining cash payments are unchanged but the total First Earn-in amount is reduced to just the portion relating to the remaining concessions.

On November 7, 2018, the Company announced that it has finalized the layout of an exploratory 4,500 metre diamond drilling program on the Orquideas Project. The Company has applied for drilling and water permits and drilling operations should commence following approvals, currently anticipated for the first half of 2019. First Quantum and Luminex geologists have compiled and analyzed data generated from over 2,500 surface geochemical samples, mapping of lithology, structure and alteration, as well as interpretation of legacy aeromagnetic data and an Induced Polarization (IP) survey over 42.6 line kilometres. This work resulted in the definition of the eight planned drill holes.

Anglo American plc ("Anglo American") Earn-In and Joint Venture

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

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

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

(ii) Anglo American can earn an additional 26% interest in the Pegasus Project (for a total of 51%) by making payments to Luminex totaling $2.4 million by September 21, 2023 (due as to $1,000,000 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 total of 60%) by making a payment to Luminex of $2.5 million by September 21, 2024 and funding exploration expenditures of $15 million by September 21, 2025 (the "Second Option"); and

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

As at September 21, 2018, the effective date of the Anglo Agreement, Anglo American had incurred approximately $1.3 million towards its initial $2.2 million required to be incurred in accordance with (i) above.

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

As noted in Note 8(a) to the condensed consolidated interim financial statements for the periods ending September 30, 2018, Luminex acquired Mineral Concession Rights on the Pegasus Project by way of payment of $2.2 million to Lumina prior to the Arrangement. In accordance with the Anglo Agreement, Luminex has treated this Mineral Concession Right as its initial contribution in the Pegasus Project to Central Ecuador EC-CT S.A. ("Central Ecuador"), a wholly-owned Ecuadorean subsidiary of Central.

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

Other Luminex Concessions and Work Programs

During the period under review in this MD&A, the Company has continued its regional mineral exploration activities, consisting primarily of bedrock, stream sediment and soil sampling for multi-element geochemical analyses, as well as detailed geologic mapping with a view to defining prospective mineralized targets, advancing projects of merit or relinquishing areas those are deemed un-prospective.

Certain among the acquired concessions in Zamora Chinchipe Province, for example Cascas, have legacy databases from which the Company is generating work plans to guide follow-up exploration efforts regarding geochemical sampling and detailed geologic mapping with the aim to better define possible drill targets. While still under evaluation, the Company has acquired several thousand geochemical samples as it continues to evaluate the merits of these new concessions. Quality ranking is ongoing and their suitability for further work remains under discussion by management. The Company has determined that four concession areas (Palma Real 1 – 4) hold minimal potential and, accordingly, has commenced the process to relinquish them. This process includes completion of environmental audits and approval by the Ministry of Environment.

On May 16, 2018, Lumina issued a news release titled "Lumina Gold Announces Initial Tarqui Exploration Results." This release summarized the results of initial prospecting in 2018 on the Tarqui concessions, where porphyry copper mineralization and epithermal quartz vein mineralization has been discovered from surface outcrops in structurally partitioned phases of the Zamora Batholith. The Tarqui 1&2 concessions are strategically located in the Zamora Copper-Gold Metallogenic Belt in southeast Ecuador. A recently constructed asphalt road cuts across the eastern part of both Tarqui concessions, which are located approximately 15 km from the town of Gualaquiza. For further details, refer to Lumina's news release entitled "Lumina Gold Announces Initial Targui Exploration Results" and dated May 16, 2018. As of the date of this MD&A, the Company continues to conduct exploration work at Tarqui.

At Tres Picachos, located in the southern part of Zamora, copper mineralization hosted in magnetite veins and magnetite / tourmaline breccias have yielded assays of up to 9.5% copper and 56 ppm Ag. A remote exploration camp has been constructed and a four-square kilometre ground magnetic survey is planned later in 2018 to define the strike characteristics of this porphyry copper system.

Another remote exploration camp has been recently completed at La Canela to facilitate the concerted exploration of this hitherto poorly explored concession.

Financing Activity

Prior to the Arrangement on August 31, 2018, Luminex was operating as a wholly-owned subsidiary of Lumina which provided funding on an as-needed basis to facilitate operations and any reorganization costs to assist in effecting the Arrangement. Immediately prior to completion of the Arrangement, Lumina made a one-time cash contribution to Luminex of $5.25 million.

OUTLOOK

The Government of Ecuador has been working systematically to address economic concerns. On April 2, 2018, President Lenin Moreno announced a 14-point program to improve Ecuador's precarious fiscal and macroeconomic conditions. Proposed austerity measures included institutional reforms aimed at reducing bureaucracy, including the elimination and optimization of numerous government entities. Among these proposals was a merger of the ministries of energy, mines and hydrocarbons into a Ministry of Energy and Non-Renewable Resources. This economic reform package became the Production Development Law which took effect on August 21, 2018. In parallel, senior government officials in Ecuador have stepped up their collaboration with the International Monetary Fund and World Bank with a view to improving Ecuador's access to foreign credit and are have commenced negotiations with the United States to improve commercial relations. In addition, government officials in Ecuador have applied for membership to the Pacific Alliance, a free trade grouping that includes Chile, Colombia, Mexico and Peru.

The formal elimination of the windfall tax became a pressing issue for the Government of Ecuador following the national public consultation vote on February 4, 2018 (the "Public Consultation"). This referendum put seven questions to a popular vote, including the derogation of the Organic Law to Prevent Speculation on the Value of Land and Speculation of Taxes implemented under the government of President Correa. While the primary objective of the Government of Ecuador with this law had been to target land speculation, its text also included language that effectively served to revoke a recent law containing language that had virtually nullified the effects of the windfall tax. Subsequently, the Ecuadorian Ministry of Mines concluded that the windfall tax, based on a determination that its effects on dissuading investment significantly outweighed potential future income benefits, should be cancelled. The Public Consultation also approved a norm to prohibit metallic mining in all its stages, in protected areas, intangible zones and urban centres, which the Company anticipates will not have a significant impact on any of the mineral areas of its concessions.

Under the leadership of new Minister of Energy and Non-Renewable Resources Carlos Perez, the administration moved to eliminate the mining windfall tax and to continue to work to improve the mining legal and tax framework in order to attract responsible investment for the benefit of the country and local communities. The Production Development Law, drafted by the Executive and approved by the Legislature, contains provisions eliminating the windfall profits tax, changing the net smelter return (NSR) royalty rate for large mining from 5%-8% to a range of 3%-8%, and mitigating the effects of the capital gains tax up to 10% for companies that do not reside in Ecuador. Following the enactment of this legislation, the administration has taken significant measures to control government spending and bureaucracy, including reducing fuel subsidies and merging regulators; the Ministry of Mines was integrated into the new Ministry of Energy and Non-Renewable Resources.

Senior government officials continue to espouse the Government's commitment to consolidating Ecuador's status as an attractive mining jurisdiction that competes for significant foreign investment. On recent trips to Australia, Europe and Chile, senior officials have highlighted the country's mining potential and opportunities for investment. At the same time, national authorities have publicly committed to reopening the mining auction process, which currently remains suspended as the Government reviews the mining cadastre and rectifies approximately 2.5 million hectares of concessions that were not in good legal standing.

In addition, the Government has taken measures to unblock the gridlock that has been causing lengthy environmental permitting delays. Most importantly, the Minister of Mines in June issued a Ministerial Agreement providing for non-systematic drilling without an EIS during initial exploration. This process required the consent of the Ministry of Environment, which delivered its guidelines in October via the issuance of a Ministerial Agreement defining the processes to be followed in order to obtain regulatory approval for this work. Permitting efficiency should also improve thanks to an executive decree merging the Ministry of Environment (MAE) and water authority (SENAGUA) into a new Ministry of Environment and Water, as part of the Government's campaign aimed to reduce bureaucracy and improve regulatory efficiency. This decree also consolidates management of these sectors in an expanded Agency for the Regulation and Control of the Environment and Water.

The Company remains actively engaged with the mining community and Government of Ecuador to collaborate towards further positive reform and remains confident that under President Moreno the Government of Ecuador will continue working to make Ecuador a destination for long-term mining investment. President Moreno´s approach, however, differs significantly from that of former President Rafael Correa; Moreno has emphasized dialogue and consensus, an approach that at times has generated delays, particularly with regards to permitting, but is anticipated to generate greater long-term social and political support for the mining sector. As part of this process, government agencies have been working to generate a regulation aimed at bringing the country into compliance with international norms regarding popular consultation. In keeping with this approach, on March 5, 2018, Ecuador signed onto the Extractive Industries Transparency Initiative, which aims to improve transparency and governance of oil, gas and mineral resources.

Lumina's acquisition of Ecuador Gold and Copper Corp. ("EGX") which held the Condor Project, participation in the government concession auction process and increased investment across its project portfolio were a direct response to the improving support for mining in Ecuador, as well as management's view that these assets are attractive investment opportunities. Lumina also had determined that the gold and copper sectors had stabilized and the Company remains optimistic that macroeconomic and geopolitical developments will continue to drive a sustained improvement in both markets over the mid to long-term. The Company monitors market and political conditions (both globally and in Ecuador), while it continues to evaluate additional exploration project opportunities in Ecuador and elsewhere. The Company also intends to continue to monitor the Government of Ecuador's concession tender process and will bid on further prospective targets should they become available after the tender process is resumed.

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

At the Condor Project, drill plans continue to evolve with targets being defined at the Santa Barbara, Los Cuyes, Soledad, and Camp Zone deposits. Santa Barbara drilling goals include expansion of near-surface resources laterally and on trend with historic and 2017 drill results to the northwest and east. Various mining scenarios are being examined for the Los Cuyes resource, with additional drilling to better define grades within the diatreme pipe and to increase resources at depth being key components of planned activity. Additional drilling appears warranted at Soledad to increase surface tonnage that could affect economics of any mining at the nearby geologically and metallurgically similar Los Cuyes deposit. The Camp Zone, situated in similar geological terrane and proximal to Los Cuyes and Soledad, has a significant surface precious-metal expression defined by rock and soil sampling (+0.1 g/t gold); its anomaly measures 200 by 400 meters and has never been drilled. Required permits are in place for all of these targets and drilling is anticipated to commence in the first quarter of 2019.

On the newly obtained concessions, Luminex continues to carry out extensive geological mapping, soil, rock and stream sediment sampling and geophysics surveys as required to focus the Company's exploration efforts on prospective gold and copper mineralized areas. This work has enabled the Company and First Quantum to identify drill targets at Orquideas, where the Company is currently applying for the required permits to drill. Anglo American is building a camp at Pegasus to employ as a base for advanced exploration activities it is currently in the process of permitting. For further prospective copper and molybdenum deposits found on the new concessions, the Company will evaluate on a case-by-case basis whether to advance the project internally or to continue to look for strategic partners such as in the case of First Quantum and Anglo American. The Company also plans to initiate further exploration, project engineering and development studies for its different assets on a case by case basis.

In recent months, critics of the mining sector have brought claims before the courts seeking to constitutionally enjoin mining companies from advancing projects until the Government of Ecuador complies with its commitments under article 57 of the Constitution of the Republic of Ecuador and the International Labor Organization convention, to which Ecuador is a signatory, and which requires free, prior and informed consultation to aboriginal or indigenous communities (ILO 169). On August 3, 2018, the Provincial Court of Azuay province denied a government appeal of a lower court ruling suspending operations at an Ecuadorian company's (Ecuagoldmining South America S.A., owned by the Chinese-owned Junefield Group) Rio Blanco mine. Some legal analysts have concluded that the court's legal reasoning is confusing and flawed and therefore does not establish a valid precedent. Furthermore, additional pleadings could effectively unwind the ruling. During July 2018, a judge suspended work at mining concessions in northeast Ecuador (in the Sucumbios Province) covering lands belonging to the indigenous Cofan, a people who until recent decades were uncontacted, finding that they had not been appropriately consulted. Likewise, the Mirador project, owned by Ecuacorriente S.A. is facing a similar challenge. Although the Condor and Pegasus projects are not known to have indigenous peoples or communities within their boundaries, several other Company assets may meet that criteria. While the Company always takes actions to obtain social licenses before accessing lands to conduct mining work, there is a possibility that in some instances additional consultation will be required.

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 period from March 16, 2018 to September 30, 2018 and three months ended September 30, 2018 along with other public disclosure documents of the Company.

For the three months ended September 30, 2018, the Company reported a net loss of $18,850,748; for the period from incorporation on March 16, 2018 to September 30, 2018 the Company reported a net loss of $19,288,775. Further details of items impacting the Company's net loss are noted in the commentary that follows.

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

The Company capitalizes costs incurred acquiring E&E assets and any required licenses related thereto with a term of more than one year. The Company's E&E assets at September 30, 2018 consisted of the Condor Project and various mineral concession rights that allow the Company to explore on concessions that were transferred as part of the Arrangement on August 31, 2018. All E&E assets were transferred from Lumina to Luminex at book value at the time of the transfer.

The Condor Project was transferred from Lumina to Luminex at its original carrying value of $47,487,910 on April 26, 2018 as part of the process to ready Luminex for its spinout from Lumina. In August 2018, an impairment in the amount of $17,772,284 was recorded on the Condor Project to reflect an estimate of its fair value at the time of completion of the Arrangement. This has been recorded as an "other expense" in the consolidated statement of comprehensive loss of the Company.

The Company also has certain mineral concession rights totalling $3.43 million relating to concession areas transferred to Luminex from Lumina. These are detailed in Note 8(a) to the unaudited condensed consolidated interim financial statements for the periods ended September 30, 2018.

E&E expenditures are expensed to profit and loss as incurred. These are discussed below and are disclosed in Note 8(b) of the unaudited condensed consolidated interim financial statements for the periods ended September 30, 2018.

Expenses

Exploration and evaluation expenditures

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

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

Condor Project

The majority of the Company's E&E expenditures were on the Condor Project, which was transferred to Luminex as part of the Arrangement on August 31, 2018. E&E expenditures for the period from incorporation on March 16, 2018 and three months ended September 30, 2018 were as follows:

	Three months ended September 30, 2018	Period from March 16 to September 30, 2018
Mineral rights	$ -	$ 6,859
Legal fees	2,084	8,631
Assays / Sampling	18,323	32,765
Camp	137,484	220,806
Camp access and improvements	32,445	36,439
Environmental, Health & Safety	27,066	45,553
Field office	69,576	104,338
Geological consulting	47,735	76,248
Geological and field staff	74,494	104,439
Metallurgical	5,040	5,040
Project management	34,204	55,484
Social and community	37,358	55,198
Transportation and accommodation	59,323	104,528
	$ 545,132	$ 861,328

Expenditures on the Condor Project reflect ongoing exploration, management, camp, and support (social and environmental management) staff costs which are included in the field office category.

Other Projects

Details of expenses incurred on the Company's other projects can be reviewed in Note 8(b) to the unaudited condensed consolidated interim financial statements of the Company for the periods ended September 30, 2018. For the three months ended September 30, 2018 a total of $159,784 was incurred on Company's other projects; $173,846 for the period from March 16 to September 30, 2018.

Other expenses

The Company's other expenses for the three months ended and period from March 16 to September 30, 2018 were as follows:

		Three months ended September 30, 2018		Period from March 16 to September 30, 2018
Fees, salaries and other employee benefits	$	115,233	$	115,233
General and administration ("G&A")		67,095		67,660
Professional fees		136,233		244,761
	$	318,561	$	427,654

The Company effectively commenced operations only upon completion of the Arrangement on August 31, 2018. The fees and salaries expenses reflect amounts incurred during the months of August and September 2018 to pay senior management and employees of the Company. The majority of professional fees for the periods presented represent costs incurred planning for and executing the Arrangement as well as for listing on the TSXV. G&A costs include listing fees for the TSXV.

Related Party Transactions

In addition to the transactions with Lumina associated with the Plan of Arrangement and the First Quantum and Anglo American Earn-in Arrangements, the Company incurred the following expenses with related parties:

Company	Nature of transactions		Three months ended September 30, 2018		Period from March 16 to September 30, 2018
Miedzi Copper Corp. ("Miedzi")	E&E (Geological)	$	2,204	$	2,204
Miedzi	G&A		5,693		5,693
Miedzi	Fees		21,624		21,624
Lumina Gold Corp.	Fees		1,536		1,536
Hathaway Consulting Ltd.	Fees		7,673		7,673
Koval Management, Inc.	Fees		10,813		10,813
La Mar Consulting Inc.	E&E (social and community)		6,150		6,150
Lyle E Braaten Law Corp.	Fees		5,116		5,116
		$	60,809	$	60,809

Miedzi and Lumina are considered companies related by way of directors and shareholders in common. Hathaway Consulting Ltd, Koval Management, Inc., La Mar Consulting Inc. and Lyle E Braaten Law Corp. are related by way of being owned by directors or officers of the Company. Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are unsecured and settlement occurs in cash. At September 30, 2018, the following amounts were included in accounts payable: (i) $5,431 owing to Lumina; and (ii) $2,056 owing to Odin Mining del Ecuador S.A. (a subsidiary of Lumina) relating to transactions that occurred prior to the spinout of Luminex.

During the period prior to completion of the Arrangement, certain cash advances were provided by Lumina to fund the initial operations of Luminex. These were treated as loans and subject to interest at a rate of 8% per annum which has been expensed in the Company's consolidated statement of comprehensive loss in the amount of $65,408. Immediately prior to the Arrangement on August 31, 2018, the loan advances and accrued interest were capitalized to equity contributed from Lumina.

SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

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

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

The Company was incorporated on March 16, 2018 and initially operated as a subsidiary of Lumina pending completion of the Arrangement on August 31, 2018. The Company had no operations until April 26, 2018 when the Condor Project and other assets and liabilities were transferred from Lumina as part of the Arrangement. The activities of the Company have been described earlier in this MD&A, in particular in the sections "Overview of significant events and review of activities" and "Review of Financial Results."

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 8 of the Company's unaudited condensed consolidated interim financial statements for the periods ended September 30, 2018.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2018, the Company had cash of $5,022,689 and a working capital balance of $4,491,722. The Company's cash and current assets at September 30, 2018, were sufficient to meet the Company's current accounts payable, accrued liabilities and commitments.

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 International Financial Reporting Standards (" IFRS"). Readers are cautioned that this calculation may differ among companies and analysts and therefore may not be directly comparable. Management believes that disclosure of the Company's working capital is of value to assess the available capital resources of the Company at a reporting period end.

At September 30, 2018, approximately $4.7 million of the Company's cash and cash equivalents were held at Scotiabank, a major chartered bank in Canada, and approximately $0.3 million was held at a bank in Ecuador. Management is not aware of any liquidity issues associated with any of the banks in which funds have been deposited.

The Company had no long-term debt obligations or off-balance sheet arrangements at September 30, 2018.

In order to keep its mineral concessions in Ecuador in good-standing, the Company is required to meet certain spending commitments each year. Further details on the commitments are provided in Note 18 of the unaudited condensed consolidated interim financial statements of the Company for the periods ended September 30, 2018.

For 2018, the Company has the commitments totalling $2,078,000 on its projects. As disclosed in Note 8(b) to the unaudited condensed consolidated interim financial statements for the periods ended September 30, 2018, the Company, including amounts incurred prior to the Arrangement by Lumina, has incurred approximately $5.5 million of expenditures on its project during the nine months ended September 30, 2018. The majority of these expenses will count towards the committed spending requirement outlined above (and below). While the Company's current working capital is sufficient to meet these commitments, any further expansion of plans will require additional funding.

For the mineral concessions that were received via tender process, the Company has four years from the concession registration date to satisfy the full amount that was committed in the tender process or the concession will be forfeited. These amounts are in excess of the government mandated minimum spend per hectare. An annual report is sent to ARCOM noting the amount of expenditures incurred on each concession which reduces the remaining total commitment amount. The total four-year commitment, amounts reported to ARCOM, and remaining total commitment, for each concession obtained and held at September 30, 2018, and assuming all concessions are retained, is as follows:

Concession Name	Total Four-year Spending Commitment	Cumulative Amounts Reported to ARCOM to December 31, 2017	Remaining Four-year Commitment[(1)]
Cascas (2 concessions)[(2)]	2,338,430	106,559	2,231,871
Escondida	977,140	27,272	949,868
La Canela	2,052,253	67,618	1,984,635
Orquideas[(2)]	6,058,333	370,647	5,687,686
Palma Real (4 concessions)	1,460,025	385,931	1,074,094
Pegasus A / Pegasus B / Luz (15 concessions)[(2)]	4,656,235	1,393,448	3,262,787
Quimi (2 concessions)	2,035,300	47,777	1,987,523
Santa Elena	1,530,025	64,903	1,465,122
Tarqui (2 concessions)	1,210,355	64,264	1,146,091
Tres Picachos	2,050,248	120,701	1,929,547
TOTAL	**$ 24,368,344**	**$ 2,649,120**	**$ 21,719,224**

Notes:
(1) Expenditures of approximately $3.2 million for the nine months ended September 30, 2018 will, for the majority of items, count towards this total commitment but have not been shown as a reduction in the table above. The Company is in the process of relinquishing the Palma real concessions which will eliminate the need to meet the full four-year commitment once completed.
(2) These concessions, with a total remaining commitment of $11.2 million, are included in the earn-in arrangements with Anglo American and First Quantum. As long as the parties do not withdraw from the earn-in arrangements funding for the commitment will be provided by Anglo American and First Quantum.

To date, the capital requirements of the Company have been met by contributions from Lumina. As noted in Note 2(b) to the unaudited condensed consolidated interim financial statements of the Company for the periods ended September 30, 2018, the Company has incurred cumulative losses of $17,435,776. The Company's long-term ability to continue as a going concern is dependent upon successfully obtaining additional financing. The ability to raise additional financing for future activities may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company, such as uncertainty in the capital markets, depressed commodity prices or country risk factors. This exposure is discussed in more detail in the "Risks and Uncertainties" section of this MD&A. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

FINANCIAL INSTRUMENTS

At September 30, 2018, the Company's financial instruments consist of cash, receivables, environmental deposit and accounts payable and accrued liabilities. Fair value estimates are made at the balance sheet date based on generally accepted pricing models, discounted cash flow analysis or using prices from observable current market transactions. These estimates are subjective in nature and may involve significant uncertainties in matters of judgment and, therefore, cannot be determined with precision. The fair values of the Company's financial instruments approximate their carrying values due to their short terms to maturity or capacity for prompt liquidation and the interest rates being charged or earned on these amounts.

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

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

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

Credit Risk

It is management's opinion that the Company is not exposed to significant credit risk arising from the above-noted financial instrument assets, as disclosed in Note 15(a) to the unaudited condensed consolidated interim financial statements for the periods ended September 30, 2018.

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

Liquidity Risk

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

At September 30, 2018, the Company's current liabilities consisted of accounts payable and accrued liabilities of $621,612 which are due primarily within the next quarter. The Company's cash of $5,022,689 at September 30, 2018 was sufficient to pay the accounts payable and accrued liabilities.

Market Risks

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

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of the Company will fluctuate because of changes in market interest rates. Included in net loss for the three and nine months ended September 30, 2018 is interest income earned on the Company's cash.

Based on the Company's cash at September 30, 2018, 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 $50,000 (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 keeps the vast majority of its cash in U.S. dollars. Canadian G&A expenses are primarily paid in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign exchange and currency risks.

At September 30, 2018, the Company's cash was primarily held in U.S. dollars as disclosed in Note 5 of the unaudited condensed consolidated interim financial statements for the periods ended September 30, 2018. 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 $1,400 to the results of operations based upon the foreign currency financial instruments (including cash) held at September 30, 2018.

SHARE CAPITAL

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

Common shares:	41,096,558	
Common share purchase options:	2,782,723	exercisable between CAD$0.25 - CAD$0.80 per option.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

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

The accounting policy estimates and judgments described below are considered by management to be essential to the understanding and reasoning used in the preparation of the Company's consolidated financial statements and the uncertainties that could have a bearing on its financial results. Further details, and a description of certain other areas of estimation and judgment, can be found at Note 3(s) in the Company's unaudited condensed consolidated interim financial statements for the periods ended September 30, 2018.

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 all companies in the Group 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 periods ended September 30, 2018, the Company has incurred cumulative losses of $17,435,776. The ability of the Company to continue as a going concern is dependent upon successfully obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests or a combination thereof. Factors that the Company evaluates include forecasts, the ability to reduce expenditures if required, and indications of shareholder support.

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable resources exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available.

Impairment

In assessing impairment on exploration and evaluation assets, the Company determines the fair value of the assets concerned which is a process that is inherently subject to reliance on judgment and estimates. In performing its impairment assessment, the Company relied on various valuation methodologies including the cost approach, the market approach and the net assets approach. These approaches included, among other factors, reference to comparable market transactions to value the Condor Project

Share-based payments

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

CHANGES IN ACCOUNTING STANDARDS

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

IFRS 16 – Leases

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

RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Several of the Company's concessions are located close to communities with long-standing artisanal, often illegal, mining traditions. Limited economic opportunities in these areas contribute to making gold mining an attractive field of work for local individuals and small associations and companies, who at times view properties belonging to the Company as particularly attractive targets for alluvial or hard rock mining. In some cases, the local operators (occasionally financed by outsiders), having exhausted development opportunities at their current location may seek to expand or relocate their activities into areas controlled by the Company, in other cases, illegal miners may relocate to one of the Company's concession areas in response to government pressure that has shut down their prior operations. Local and national political and regulatory authorities may come under pressure to support or not impede the ambitions of these local actors. The Company monitors local mining activities and is in regular contact with regulatory and political authorities to anticipate and manage issues as they arise, however not every incursion can be readily identified. Nonetheless, there is a risk that in the future, due to political or social factors, regulators may make decisions to grant access to artisanal miners that impact the viability of the Company's 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 new governmental permits as well as renew permits for exploration and development activities and any ultimate development, construction and commencement of new mining operations. Obtaining or renewing necessary permits can be a complex and time-consuming process, which at times may involve several political jurisdictions and different government agencies that may not have the necessary expertise, resources or political disposition needed for efficient and timely processing, and may require public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by permitting authorities and timeframes for agency decisions. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could slow exploration and/or development or impede the eventual operation of a mine, and could adversely impact the Company's operations and profitability.

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

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

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

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

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

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

The mineral exploration industry is intensely competitive in all its phases. The Company competes with many companies, including those possessing greater financial resources and technical capabilities, for the acquisition of mineral concessions, claims, leases, other mineral interests, and equipment required to conduct its activities as well as for the recruitment and retention of qualified employees, and contracting of attorneys, consultants and technical experts. Ecuador is an emerging mining country with no large mines in production and as a result mining expertise is limited and competition for qualified nationals is particularly intense.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in mining or investment policies or shifts in political attitudes in Ecuador, its provinces, or local political jurisdictions, may adversely affect the Company's operations or potential profitability. Operations may be affected in varying degrees by modifications to government legislation and regulations 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; land claims or other demands by local people; social consultation and other permitting requirements; artisanal and illegal mining operations; labour; transportation; water use; imports and exports; and, mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

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

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

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

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

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

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

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

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

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