

# LUMINEX RESOURCES

LUMINEX RESOURCES CORP.



## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 30, 2018

(Unaudited)

TSX-V: LR



[www.luminexresources.com](http://www.luminexresources.com)

**LUMINEX RESOURCES CORP.**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**

Unaudited

(expressed in U.S. dollars)

	Note	September 30, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	5	\$ 5,022,689
Receivables	6	58,123
Prepaid expenses		32,522
<b>Total current assets</b>		<b>5,113,334</b>
<b>Non-current assets</b>		
Environmental deposit		168,710
Property and equipment	7	901,166
Investment in Pegasus	8(a)	2,200,000
Exploration and evaluation assets	8(a)	30,945,626
<b>Total assets</b>		<b>\$ 39,328,836</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	17	\$ 621,612
<b>Total liabilities</b>		<b>621,612</b>
<b>EQUITY</b>		
Share capital	10	53,567,193
Accumulated deficit		(17,435,776)
<b>Equity attributable to owners of the Company</b>		<b>36,131,417</b>
<b>Non-controlling interest</b>	9	<b>2,575,807</b>
<b>Total equity</b>		<b>38,707,224</b>
<b>Total liabilities and equity</b>		<b>\$ 39,328,836</b>

Going concern (Note 2(b))  
 Commitments and contingent liability (Note 18)  
 Post-reporting date events (Note 19)

APPROVED BY THE DIRECTORS

*"Marshall Koval"*

Director

*"Donald Shumka"*

Director

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

**LUMINEX RESOURCES CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

Period from incorporation on March 16, 2018 to September 30, 2018 and three months ended September 30, 2018

Unaudited

(expressed in U.S. dollars)

	Note	Three months ended September 30, 2018	Period from March 16, 2018 to September 30, 2018
<b>Expenses</b>			
Exploration and evaluation ("E&E") expenditures	8(b), 17	\$ 704,916	\$ 1,035,174
Fees, salaries and other employee benefits	17	115,233	115,233
General and administration ("G&A")	17	67,095	67,660
Professional fees		136,233	244,761
		(1,023,477)	(1,462,828)
<b>Other income (expenses)</b>			
Impairment	8(a)	(17,772,284)	(17,772,284)
Interest income and other		8,894	10,221
Interest expense	17	(65,408)	(65,408)
Foreign exchange gain (loss)		1,527	1,524
		(17,827,271)	(17,825,947)
<b>Net loss and comprehensive loss for the period</b>		\$ (18,850,748)	\$ (19,288,775)
<b>Loss attributable to:</b>			
Owners of the Company		\$ (17,028,898)	\$ (17,435,776)
Non-controlling interest	9	(1,821,850)	(1,852,999)
		\$ (18,850,748)	\$ (19,288,775)
Loss per share attributable to owners of the Company – basic and diluted	12	\$ (1.23)	\$ (2.71)
Weighted average number of shares outstanding – basic and diluted	12	13,839,967	6,431,045

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

**LUMINEX RESOURCES GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**Period from incorporation on March 16, 2018 to September 30, 2018**

Unaudited

(expressed in U.S. dollars)

	Note	Period from March 16, 2018 to September 30, 2018
<b>Operating activities</b>		
Loss for the period		\$ (19,288,775)
Adjustment for non-cash items:		
Depreciation	7	18,142
Impairment	8(a)	17,772,284
Environmental deposit interest accrued		(3,122)
Deduct: interest income		(163)
Net changes in non-cash working capital items:		
Receivables		(35,532)
Prepaid expenses		(22,866)
Accounts payable and accrued liabilities		130,338
<b>Net cash utilized in operating activities</b>		<b>(1,429,694)</b>
<b>Investing activities</b>		
Expenditures on property and equipment		(28,151)
Expenditures on exploration and evaluation assets	8(a)	(3,430,000)
Interest received		163
<b>Net cash utilized in investing activities</b>		<b>(3,457,988)</b>
<b>Financing activities</b>		
Net cash contribution from Lumina Gold Corp.	4	9,908,471
Shares issued	10	1,900
<b>Net cash provided by financing activities</b>		<b>9,910,371</b>
Increase in cash		5,022,689
Cash, beginning of period		-
<b>Cash, end of period</b>	<b>5</b>	<b>\$ 5,022,689</b>

*See Accompanying Notes to the Condensed Consolidated Interim Financial Statements*

**LUMINEX RESOURCES CORP.  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

**Period from incorporation on March 16, 2018 to September 30, 2018**

Unaudited

(expressed in U.S. dollars)

	Note	Attributable to owners of the Company				Non-controlling Interest	Total Equity	
		Share Capital	Share-based	Accumulated	Total			
		Number of shares	Amount	Payment Reserve	Deficit			
<b>Opening Balance</b> , March 16, 2018	10	100	\$ 1,900	\$ -	\$ -	\$ 1,900	\$ -	\$ 1,900
Shares issued to acquire Ecuador Gold Holdings Ltd. pursuant to Plan of Arrangement	10	900	48,315,293	-	-	48,315,293	4,428,806	52,744,099
Distribution from Lumina Gold Corp.	10	41,070,484	5,250,000	-	-	5,250,000	-	5,250,000
Comprehensive loss		-	-	-	(17,435,776)	(17,435,776)	(1,852,999)	(19,288,775)
<b>Balance</b> , September 30, 2018		41,071,484	\$ 53,567,193	\$ -	\$ (17,435,776)	\$ 36,131,417	\$ 2,575,807	\$ 38,707,224

*See Accompanying Notes to the Condensed Consolidated Interim Financial Statements*

**LUMINEX RESOURCES CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Period from incorporation on March 16, 2018 to September 30, 2018 and for the three months ended September 30, 2018**

Unaudited

(expressed in U.S. dollars)

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**1. NATURE OF OPERATIONS**

Luminex Resources Corp. ("Luminex" or the "Company") is a publicly listed company incorporated under the *Business Corporations Act* of British Columbia on March 16, 2018 pursuant to a plan of arrangement to reorganize Lumina Gold Corp. ("Lumina") which was completed on August 31, 2018 (see Note 4). The Company is listed on the TSX-Venture Exchange, having the symbol LR. Luminex and its wholly-owned subsidiaries (collectively referred to as the "Group") are engaged in the acquisition, exploration and development of mineral resources in Ecuador. The Group is considered to be in the exploration stage as it has not placed any of its mineral properties into production.

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

**2. BASIS OF PREPARATION AND GOING CONCERN**

**(a) Basis of preparation**

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

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 27, 2018.

**(b) Going concern**

These condensed consolidated interim financial statements have been prepared on the going concern basis which assumes that the Group will be able to realize, in the foreseeable future, its assets and discharge its liabilities in the normal course of business as they come due. The Group has reported a net loss attributable to owners of the Company of \$17,435,776 for the period from incorporation on March 16, 2018 to September 30, 2018. The ability of the Group 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 Group's assets, the outright sale of the Company, the successful development of the Group's mineral property interests or a combination thereof. The Group believes that, based on forecasts and the ability to reduce expenditures if required, along with indications of shareholder support, it will be able to continue as a going concern for the foreseeable future. However, as noted above, the Group will require additional funding in the future. There can be no assurance that management's plans will be successful. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern. Such adjustments could be material.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Overall considerations**

As these are the initial condensed consolidated interim financial statements of Luminex, the significant accounting policies that have been applied in the preparation of these condensed consolidated interim financial statements are summarized below. These accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements.

**(b) Basis of consolidation**

These consolidated financial statements include the financial statements of Luminex and its wholly-owned subsidiaries, which are controlled by the Company. Control is achieved when Luminex (as the parent company) is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. Specifically, Luminex controls an investee if, and only if, the Company has all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions, balances, income and expenses are eliminated on consolidation.

**LUMINEX RESOURCES CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Period from incorporation on March 16, 2018 to September 30, 2018 and for the three months ended September 30, 2018**

Unaudited

(expressed in U.S. dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Basis of consolidation (continued)**

The Group's interest in the Pegasus Project is an equity-accounted investment as the Group has significant influence, but not control or joint control, over the financial and operating policies. The investment is initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of the equity-accounted investment, until the date on which significant influence ceases.

**(c) Presentation currency and foreign currency translation**

The consolidated financial statements are presented in United States dollars which is also the functional currency of each company in the Group.

Foreign currency transactions are translated into the functional currency of each entity within the Group using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of foreign currency denominated monetary items at reporting period end exchange rates are recognized in profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rates in effect at the time of the initial transaction and are not subsequently re-measured at reporting period ends.

**(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of changes in value.

**(e) Exploration and evaluation licenses**

All direct costs related to the acquisition of mineral property interests (E&E Assets) are capitalized into exploration and evaluation assets (an intangible asset) on a property by property basis. License costs paid in connection with a right to explore in an exploration area, for a period in excess of one year, are capitalized and amortized over the term of the license.

**(f) Acquisition of mineral property interests**

The Group treats the acquisition of a mineral property interest as either a business combination or asset purchase. The determination of treatment is based upon an assessment of factors at the time of acquisition. A business combination is a transaction in which control over one or more businesses is obtained. A business is defined as an integrated set of activities and assets that is capable of creating outputs which provide a positive economic return to stakeholders. If the integrated set of activities and assets is in the exploration or development stage and therefore does not have outputs, the Group considers other factors to determine if the assets are a business. These include, but are not limited to, whether the set of activities and assets:

- (a) has planned principal activities;
- (b) has identified mineral reserves and processes needed to generate the inputs required for output production;
- (c) is pursuing a plan to produce outputs; and
- (d) will be able to sell the produced outputs.

Not all of the above factors need to be present for a particular integrated set of activities and assets in the development stage to qualify as a business.

Business acquisitions are accounted for using the acquisition method, in which the acquired assets and liabilities are recorded at fair value at the date of acquisition. Direct costs associated with a business combination are expensed as incurred.

Acquisitions in which a business is not acquired are treated as an asset purchase. Under an asset purchase, the fair value of the consideration provided is allocated to the individual fair value of assets and liabilities assumed at the time of acquisition. The costs of acquisition for an asset acquisition are deferred and capitalized in the period they are incurred. In the event the acquisition is not completed, these costs would be immediately expensed.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Exploration and evaluation expenditures**

Exploration and evaluation activities prior to acquiring an interest in a mineral concession area, including costs associated with applying for new mineral concession, are charged to operations as pre exploration and evaluation expenditures. Exploration costs, net of incidental revenues, are charged to operations in the year incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as the depletion base.

Although the Group has taken steps to verify the title to the exploration and evaluation assets in which it has an interest, in accordance with industry practices for the current stage of exploration of such properties, these procedures do not guarantee the Group's title. Title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

**(h) Environmental Deposits**

Cash which is subject to contractual restrictions on use is classified separately as deposits. Security deposits required to be made to regulatory bodies, such as environmental or reclamation deposits, are classified as deposits.

**(i) Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to expense the cost of equipment, less its estimated residual value, over the following expected useful lives:

Property and equipment	5% to 33% straight-line basis
Motor vehicles	20% to 30% straight-line basis

Items of property and equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period, and adjusted prospectively, if appropriate. Land held is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

**(j) Interest income**

Interest income is recorded on an accrual basis using the effective interest method.

**(k) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's best estimate of the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

**(l) Decommissioning, restoration and similar liabilities ("asset retirement obligation" or "ARO")**

The Group recognizes provisions for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral interests and decommissioning of equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for an ARO is recognized at its present value in the period in which it arises. Upon initial recognition of the liability, the corresponding ARO is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset. Following the initial recognition of the ARO, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation.

**LUMINEX RESOURCES CORP.**

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**Period from incorporation on March 16, 2018 to September 30, 2018 and for the three months ended September 30, 2018**

Unaudited

(expressed in U.S. dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(l) Decommissioning, restoration and similar liabilities (“asset retirement obligation” or “ARO”) (continued)**

As at September 30, 2018, the Group did not have any asset retirement obligations. The Group is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge or hazardous material and other matters. The Group may be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and also on properties in which it has previously had an interest. The Group believes it conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Group is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Group.

**(m) Financial Instruments**

*Non-derivative financial assets*

The Group classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost: Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

*Financial liabilities*

The Group measures all its financial liabilities as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

*Impairment of financial assets at amortized cost*

The Group recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Group applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company’s receivables the Group has no material loss allowance as at September 30, 2018.

**LUMINEX RESOURCES CORP.**

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**Period from incorporation on March 16, 2018 to September 30, 2018 and for the three months ended September 30, 2018**

Unaudited

(expressed in U.S. dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) Impairment of non-financial assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that the assets are impaired. For exploration and evaluation assets (and tangible assets related thereto such as equipment), the Group considers the following indicators of impairment: (i) whether the period for which the Group has the right to explore has expired in the period or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditures on further exploration for and evaluation of mineral resources is neither budgeted nor planned; (iii) exploration and evaluation have not led to the discovery of commercially viable mineral resources and activities are to be discontinued; (iv) sufficient data exists to indicate that, although a development in the area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and (v) other factors that may be applicable such as a significant drop in metal prices or deterioration in the availability of equity financing. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate largely independent cash inflows, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

An impairment loss recognized in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro-rata basis.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

**(o) Taxes**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

*Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

*Deferred tax*

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not recognized on the initial recognition of goodwill, on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, and on temporary differences relating to investments in subsidiaries and jointly controlled entities where the reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

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**Period from incorporation on March 16, 2018 to September 30, 2018 and for the three months ended September 30, 2018**

Unaudited

(expressed in U.S. dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(o) Taxes (continued)**

*Deferred tax (continued)*

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

*Sales tax*

Expenses and assets are recognized net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- When receivables and payables are stated with an amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**(p) Share capital**

Equity instruments are contracts that give a residual interest in the net assets of the Group. Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**(q) Earnings (loss) per share**

Basic earnings (loss) per common share is computed by dividing the net income (loss) available to common shareholders of the Company by the weighted average number of shares outstanding or committed to issue for the relevant year.

Diluted earnings (loss) per common share is computed by dividing the net income (loss) applicable to common shareholders by the sum of the weighted average number of common shares outstanding or committed plus all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

**(r) Share-based payments**

The Company has a stock option plan under which it grants stock options to directors, employees, consultants and service providers.

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(r) Share-based payments (continued)**

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise the fair value is credited to share capital, along with the cash consideration, with an offsetting reduction in the share-based payment reserve.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

**(s) Significant accounting judgments and estimates**

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

*Judgments*

Determination of functional currency: The determination of functional currency for each company in the Group 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 Group's ability to continue as a going concern requires significant judgment. The Group considers the factors outlined in Note 2(b) when making its going concern assessment.

Exploration and evaluation assets: The application of the Group's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that such acquisition costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable resources exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available. The carrying value of these assets is detailed at Note 8(a).

**LUMINEX RESOURCES CORP.**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(s) Significant accounting judgments and estimates (continued)**

*Estimates and assumptions*

Impairment: In assessing impairment on E&E 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.

Deferred tax assets: The assessment of the probability of future taxable income against which deferred tax assets can be utilized is based on the Group’s future planned activities, supported by budgets that have been approved by the Board of Directors. Management also considers the tax rules of the various jurisdictions in which the Group operates. Should there not be a forecast of taxable income that indicates the probable utilization of a deferred tax asset or any portion thereof, the Group does not recognize the deferred tax asset.

**(t) Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of authorization of these condensed consolidated interim financial statements are disclosed below. Management anticipates that all of the pronouncements will be adopted in the Group’s accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group’s financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group’s consolidated 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 Group is assessing the impact of adopting this standard on its consolidated financial statements.

**4. PLAN OF ARRANGEMENT**

On August 31, 2018, Lumina completed a plan of arrangement (the “Arrangement”) under the *Business Corporations Act* (British Columbia) whereby Lumina’s concessions and properties, with the exception of the Cangrejos Project, were spun out to Luminex. Under 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.

As part of the Arrangement, certain assets and liabilities were transferred to the control of Luminex on April 26, 2018 and these common control transactions were recorded at their carrying values. Exploration expenditures have been consolidated by Luminex from the date of transfer and are summarized in Note 8(b).

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**4. PLAN OF ARRANGEMENT (continued)**

The carrying value of the net assets transferred to Luminex pursuant to the Arrangement consisted of the following:

<b>Assets:</b>		
Cash	\$	9,908,471
Receivables		22,591
Prepaid expenses		9,656
Environmental deposit		165,588
Property and equipment		891,157
Exploration and evaluation asset – Condor Project		47,487,910
<b>Total assets</b>		<b>58,485,373</b>
<b>Liabilities / Equity</b>		
Accounts payable and accrued liabilities		(491,274)
Non-controlling interest		(4,428,806)
<b>Carrying value of net assets transferred to Luminex</b>	<b>\$</b>	<b>53,565,293</b>

The Arrangement resulted in an increase to share capital in the amount of \$53,565,293.

**5. CASH**

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

		September 30, 2018
Cash at bank and in hand denominated in Canadian dollars	\$	168,703
Cash at bank and in hand denominated in U.S. dollars		4,853,986
<b>Cash</b>	<b>\$</b>	<b>5,022,689</b>

**6. RECEIVABLES**

		September 30, 2018
Refundable goods and services tax	\$	12,709
Other		45,414
<b>Total receivables</b>	<b>\$</b>	<b>58,123</b>

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

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**7. PROPERTY AND EQUIPMENT**

	Land <sup>(1)</sup>	Property & Equipment	Total
<b>Cost</b>			
March 16, 2018	\$ -	\$ -	\$ -
Additions	-	28,151	28,151
Transfer from Lumina (Note 4)	553,032	444,252	997,284
September 30, 2018	\$ 553,032	\$ 472,403	\$ 1,025,435
<b>Accumulated Depreciation</b>			
March 16, 2018	\$ -	\$ -	\$ -
Depreciation for the period	-	18,142	18,142
Transfer from Lumina (Note 4)	-	106,127	106,127
September 30, 2018	\$ -	\$ 124,269	\$ 124,269
<b>Net book value</b>			
March 16, 2018	\$ -	\$ -	\$ -
September 30, 2018	\$ 553,032	\$ 348,134	\$ 901,166

<sup>(1)</sup>The Company has purchased various small local farm lands in the area of its mineral properties that are of strategic value representing important surface rights over which it has mineral rights and access.

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

**8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES**

**(a) Exploration and evaluation assets**

Following completion of the Arrangement (see Note 4), and transfer of assets to Luminex, the Group has various mineral exploration project and concession areas in Ecuador as follows:

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

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

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

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

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**8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)****(a) Exploration and evaluation assets (continued)**

Acquisition costs and carrying value of the Group's exploration projects as at September 30, 2018 are as follows:

	September 30, 2018
<b>Cost</b>	
Condor Project	\$ 47,487,910
Rights to acquire / use ("Mineral Concession Rights")	
- Escondida	45,000
- La Canela	120,000
- Orquideas	825,000
- Tres Picachos	240,000
	<u>1,230,000</u>
	48,717,910
<b>Impairment</b>	
Condor Project	<u>17,772,284</u>
<b>Net book value</b>	<b>\$ 30,945,626</b>

In order to transfer certain concessions to Luminex, and in compliance with rules in Ecuador, Lumina and Luminex entered into agreements whereby the Group shall have the right to acquire 100% of the title and interest to the Mineral Concession Rights areas, subject to the relevant regulatory approval and execution of transfer documents, the consideration for which has been paid for in cash of \$1,230,000 and \$2.2 million re Pegasus which is described in more detail below. As per the above-referenced agreements, and subject to prior governmental approvals, the Group is able to explore and operate the concession areas.

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

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

On June 20, 2018, Lumina signed a formal earn-in agreement (the "Earn-in Agreement") with FQM relating to the Orquideas and Cascas concessions (the "Properties"). Under the terms of the Earn-in Agreement, FQM is 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 FQM chooses to continue funding beyond the first year they will 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 Business. Spending commitments and estimated concession license fees over the First Earn-in total \$31.5 million. Pursuant to the terms of the Earn-in Agreement, Lumina received \$100,000 upon signing ("Signing Bonus"). Further cash payments of \$6.9 million will be received by Luminex over the duration of the First Earn-in period.

FQM has the right under the agreement to stop funding prior to completion of the First Earn-in on either or both of the Properties. FQM also has the right to earn an additional 19% ownership in the Properties ("Second Earn-in") by solely funding all the required work up to a decision to commence commercial development of a mine, taking FQM's ownership in the Properties to 70%. Post 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.

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

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**8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)**

**(a) Exploration and evaluation assets (continued)**

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

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 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 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%.

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

As noted above in this Note 8(a), Luminex acquired a Mineral Concession Right 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.

*Annual expenditures / Acquisition cost and carrying value:*

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

Further details are provided in Note 18.

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**8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)**

**(b) Exploration and evaluation expenditures**

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

	Three months ended September 30, 2018									
	Cascas <sup>(4)</sup>	Condor	La Canela	Orquideas <sup>(4)</sup>	Palma Real	Pegasus <sup>(4)</sup>	Quimi	Tarqui	Tres Picachos	TOTAL
Mineral rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal fees	1,493	2,084	2,417	-	-	945	700	1,400	1,755	10,794
Assays / Sampling	-	18,323	-	-	-	-	-	18,273	5,232	41,828
Camp	-	137,484	4,013	-	-	-	1,037	13,018	682	156,234
Camp access and improvements	-	32,445	752	-	-	-	-	187	-	33,384
Environmental, Health & Safety	-	27,066	298	-	5,039	-	333	441	-	33,177
Field office	-	69,576	642	-	-	-	-	212	215	70,645
Geological consulting	-	47,735	2,172	-	-	-	2,534	4,914	2,172	59,527
Geological and field staff	-	74,494	3,946	6,282	-	-	-	21,492	-	106,214
Metallurgical	-	5,040	-	-	-	-	-	-	-	5,040
Project management <sup>(1)</sup>	-	34,204	676	-	-	2,800	-	2,800	676	41,156
Social and community <sup>(1)</sup>	-	37,358	123	6,647	-	-	5,449	12,627	123	62,327
Transportation and accommodation	-	59,323	3,770	-	-	-	3,222	15,175	3,100	84,590
<b>Costs incurred during the period</b>	<b>\$ 1,493</b>	<b>\$ 545,132</b>	<b>\$ 18,809</b>	<b>\$ 12,929</b>	<b>\$ 5,039</b>	<b>\$ 3,745</b>	<b>\$ 13,275</b>	<b>\$ 90,539</b>	<b>\$ 13,955</b>	<b>\$ 704,916</b>

  

	Period from March 16, 2018 to September 30, 2018									
	Cascas <sup>(4)</sup>	Condor	La Canela	Orquideas <sup>(4)</sup>	Palma Real	Pegasus <sup>(4)</sup>	Quimi	Tarqui	Tres Picachos	TOTAL
Mineral rights	\$ -	\$ 6,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,859
Legal fees	3,666	8,631	2,417	-	924	945	700	1,400	1,755	20,438
Assays / Sampling	-	32,765	-	-	-	-	-	18,273	5,232	56,270
Camp	-	220,806	4,013	-	-	-	1,037	13,018	682	239,556
Camp access and improvements	-	36,439	752	-	-	-	-	187	-	37,378
Environmental, Health & Safety	-	45,553	298	-	8,720	-	333	441	-	55,345
Field office	-	104,338	642	-	-	-	-	287	215	105,482
Geological consulting	-	76,248	2,172	-	-	-	2,534	4,914	2,172	88,040
Geological and field staff	-	109,439	3,946	6,282	-	-	-	21,492	-	141,159
Metallurgical	-	5,040	-	-	-	-	-	-	-	5,040
Project management <sup>(1)</sup>	-	55,484	676	-	-	2,800	-	2,800	676	62,436
Social and community <sup>(1)</sup>	4,200	55,198	123	6,647	-	-	6,346	14,739	123	87,376
Transportation and accommodation	-	104,528	3,770	-	-	-	3,222	15,175	3,100	129,795
<b>Costs incurred during the period</b>	<b>\$ 7,866</b>	<b>\$ 861,328</b>	<b>\$ 18,809</b>	<b>\$ 12,929</b>	<b>\$ 9,644</b>	<b>\$ 3,745</b>	<b>\$ 14,172</b>	<b>\$ 92,726</b>	<b>\$ 13,955</b>	<b>\$ 1,035,174</b>
Cumulative E&E incurred by Lumina to December 31, 2017 <sup>(2)</sup>	\$ 132,535	\$ 3,639,195	\$ 76,733	\$ 455,139	\$ 402,327	\$ 1,285,193	\$ 64,752	\$ 78,281	\$ 129,437	\$ 6,263,592
E&E incurred by Lumina during the period <sup>(3)</sup>	114,746	1,440,886	99,203	889,105	197,769	1,151,673	68,013	334,704	165,021	4,461,120
E&E incurred by Luminex during the period	7,866	861,328	18,809	12,929	9,644	3,745	14,172	92,726	13,955	1,035,174
<b>Cumulative E&amp;E incurred, end of period</b>	<b>\$ 255,147</b>	<b>\$ 5,941,409</b>	<b>\$ 194,745</b>	<b>\$ 1,357,173</b>	<b>\$ 609,740</b>	<b>\$ 2,440,611</b>	<b>\$ 146,937</b>	<b>\$ 505,711</b>	<b>\$ 308,413</b>	<b>\$ 11,759,886</b>

<sup>(1)</sup> Project management and social and community costs include payments made to key management personnel (see Note 17).

<sup>(2)</sup> Costs for the Condor Project incurred since November 1, 2016.

<sup>(3)</sup> Costs are amounts incurred by Lumina either during the period prior to the transfer of the projects to Luminex or that were incurred by legal entities owned by Lumina that were not transferred to Luminex and are shown prior to any reimbursements to Lumina pursuant to the First Quantum or Anglo American Earn-In Agreements. Presented to illustrate total spend incurred on the projects in order to meet Ecuadorean spending commitments (see Note 18).

<sup>(4)</sup> Costs shown do not include expenditures incurred by First Quantum or Anglo American pursuant to their Earn-In Agreements.

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**9. NON-CONTROLLING INTEREST (“NCI”)**

The following table summarizes information related to the Group’s non-controlling interest which has a 10% interest in Condormining Corporation S.A. (see Note 17). The NCI was transferred from Lumina as part of the Arrangement (see Note 4):

	September 30, 2018
Current assets	\$ 94,747
Non-current assets	26,120,053
Current liabilities	(161,654)
Net assets	26,053,146
NCI percentage	10%
Net assets of individual entities attributable to the NCI	2,605,315
Adjustments on consolidation of individual entities subject to NCI	(29,508)
<b>Net assets attributable to the NCI</b>	<b>\$ 2,575,807</b>
	For the three months ended September 30, 2018
Net loss and comprehensive loss	\$ 18,218,500
NCI percentage	10%
<b>Net loss and comprehensive loss attributable to NCI</b>	<b>\$ 1,821,850</b>
	For the period from March 16 to September 30, 2018
Net loss and comprehensive loss	\$ 18,529,990
NCI percentage	10%
<b>Net loss and comprehensive loss attributable to NCI</b>	<b>\$ 1,852,999</b>

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

**10. SHARE CAPITAL**

**Authorized:** Unlimited common shares, without par value.

	Number of Common Shares	Amount
<b>Issued and fully paid:</b>		
Balance, March 16, 2018 (a)	100	\$ 1,900
Shares issued to acquire Ecuador Gold Holdings Ltd. pursuant to Arrangement (b)	900	48,315,293
Shares issued on distribution of assets from Lumina Gold Corp. (c)	41,070,484	5,250,000
<b>Balance, September 30, 2018</b>	<b>41,071,484</b>	<b>\$ 53,567,193</b>

- (a) On March 16, 2018, 100 common shares were issued on incorporation of the Company for proceeds of \$1,900.
- (b) On April 26, 2018, the Company issued 900 common shares to Lumina Gold Corp. to acquire the share capital of Ecuador Gold Holdings pursuant to the Arrangement. The carrying value of the assets acquired in the amount of \$48,315,293 was added to share capital.
- (c) On August 31, 2018, pursuant to the Arrangement, 41,070,484 common shares were issued (see Note 4), and \$5,250,000 in cash was transferred to Luminex.

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**11. SHARE-BASED PAYMENTS**

**(a) Stock option plan**

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

During the period from incorporation on March 16, 2018 to September 30, 2018, the Company granted no stock options except for stock options issued pursuant to the Arrangement (see Note 4) (the "Spinout Options"). No material value was determined in relation to the Spinout Options. Following the Arrangement, the Spinout Options were issued with identical remaining lives and vesting terms to the original Lumina options except for certain instances where the option holder was no longer eligible to participate in the Luminex stock option plan in which case those option holders were given thirty days' notice of expiry on their Luminex options from the day they received notice of the Luminex options, and the remaining unvested options, if any, became fully vested.

The following stock options were issued pursuant to the Arrangement:

Options Outstanding			Options Exercisable	
Number of Options	Expiry Date	Exercise Price	Number of Options	Exercise Price
20,342	September 25, 2018	C\$0.78	20,342	C\$0.78
10,500	November 17, 2018	C\$0.50	10,500	C\$0.50
7,824	November 17, 2018	C\$0.38	7,824	C\$0.38
23,250	November 17, 2018	C\$0.65	23,250	C\$0.65
12,000	November 17, 2018	C\$0.54	12,000	C\$0.54
555,000	September 12, 2019	C\$0.50	555,000	C\$0.50
206,250	December 4, 2020	C\$0.25	206,250	C\$0.25
168,223	April 20, 2021	C\$0.38	168,223	C\$0.38
272,250	December 30, 2021	C\$0.65	182,750	C\$0.65
75,000	March 6, 2022	C\$0.73	50,000	C\$0.73
306,000	December 7, 2022	C\$0.54	100,750	C\$0.54
<b>1,656,639</b>			<b>1,336,889</b>	

**(b) Outstanding stock options**

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

	Period from March 16 to September 30, 2018	
	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	-	C\$ -
Granted	1,656,639	C\$ 0.50
Expired	(20,342)	C\$ 0.78
<b>Outstanding, end of period</b>	<b>1,636,297</b>	<b>C\$ 0.50</b>

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**11. SHARE-BASED PAYMENTS (continued)**

**(b) Outstanding stock options (continued)**

At September 30, 2018, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted average life (years)	Exercise Price	Number of Options	Exercise Price
10,500	November 17, 2018	0.13	C\$0.50	10,500	C\$0.50
7,824	November 17, 2018	0.13	C\$0.38	7,824	C\$0.38
23,250	November 17, 2018	0.13	C\$0.65	23,250	C\$0.65
12,000	November 17, 2018	0.13	C\$0.54	12,000	C\$0.54
555,000	September 12, 2019	0.95	C\$0.50	555,000	C\$0.50
206,250	December 4, 2020	2.18	C\$0.25	206,250	C\$0.25
168,223	April 20, 2021	2.56	C\$0.38	168,223	C\$0.38
272,250	December 30, 2021	3.25	C\$0.65	182,750	C\$0.65
75,000	March 6, 2022	3.43	C\$0.73	50,000	C\$0.73
306,000	December 7, 2022	4.19	C\$0.54	100,750	C\$0.54
<b>1,636,297</b>		<b>2.35</b>	<b>C\$0.50</b>	<b>1,316,547</b>	<b>C\$0.48</b>

**12. LOSS PER SHARE**

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

	Three months ended September 30, 2018	
Net loss attributed to owners of the Company	\$	17,028,898
Weighted average number of common shares outstanding (basic and diluted)		13,839,967
Loss per share – basic and diluted	\$	1.23
	Nine months ended September 30, 2018	
Net loss attributed to owners of the Company	\$	17,435,776
Weighted average number of common shares outstanding (basic and diluted)		6,431,045
Loss per share – basic and diluted	\$	2.71

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

All of the stock options currently issued (see Note 11) were anti-dilutive for the three months ended September 30, 2018 and period from March 16, 2018 to September 30, 2018 and have not been included in the calculation of diluted weighted average number of common shares outstanding.

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**13. CAPITAL RISK MANAGEMENT**

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

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

The Company considers its equity, which includes common shares and accumulated deficit as capital. The Company intends to spend existing working capital by carrying out its planned acquisition, exploration and development activities on mineral properties and continuing to pay administrative costs.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure the Company may issue new common shares. In order to facilitate analysis and management of its capital requirements, the Company prepares and updates annual budgets (as needed) to ensure that its acquisition and exploration operations can continue to progress. Budgets, once finalized, are approved by the Board of Directors. The Company is not subject to any externally imposed capital requirements.

**14. FINANCIAL INSTRUMENTS****(a) Categories of financial assets and financial liabilities**

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

	Note	Category	September 30, 2018
Cash	5	Amortized cost	\$ 5,022,689
Receivables	6	Amortized cost	45,414
Environmental deposit		Amortized cost	168,710
Accounts payable and accrued liabilities		Amortized cost	621,612

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

**(b) Fair Value Measurements**

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

**15. FINANCIAL INSTRUMENT RISKS**

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

**(a) Credit Risk**

The Group considers that its cash, receivables and environmental deposit are exposed to credit risk, representing maximum exposure of \$5,236,813. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk on its cash is minimized by maintaining these assets with high-credit quality financial institutions. At September 30, 2018, the Group's cash was held at three financial institutions.

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**15. FINANCIAL INSTRUMENT RISKS (continued)****(b) Liquidity Risk**

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

At September 30, 2018, the Group's current liabilities consisted of trade and other payables of \$621,612 which are due primarily within three months from the period end. The Group's cash of \$5,022,689 at September 30, 2018, was sufficient to pay for the current liabilities.

**(c) Market Risks**

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

*Interest Rate Risk*

Interest rate risk is the risk that the future cash flows and fair values of the Group will fluctuate because of changes in market interest rates. Based on the Group's cash as at September 30, 2018, and assuming that all other variables remained constant, a 1% increase or decrease in interest rates would result in an increase or decrease of approximately, \$50,000 in the Group's interest income on an annual basis.

*Currency Risk*

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

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

The table below shows the impact that a 1% fluctuation in foreign currency rates compared to the U.S. dollar would have on the Group's consolidated loss, comprehensive loss and equity based upon the assets held at September 30, 2018.

Financial Instrument Type	U.S. Dollar	Currency	+/- 1% Fluctuation	
Cash	\$ 168,703	CAD dollar	\$ 1,687	(1,687)
Accounts payable and accrued liabilities	(32,116)	CAD dollar	(321)	321
<b>Total</b>	<b>\$ 136,587</b>		<b>\$ 1,366</b>	<b>(1,366)</b>

*Other Price Risk*

The Group did not hold any financial instruments that had direct exposure to other price risks at September 30, 2018.

**16. SEGMENTED DISCLOSURE**

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

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**17. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS**

*Information about subsidiaries*

The consolidated financial statements include the following subsidiaries:

	Country of Incorporation	% Equity interest at September 30, 2018
Ecuador Gold Holdings Ltd.	Canada	100
Proyectmin Holdings Ltd.	Canada	100
Southern Ecuador Holdings Ltd.	Canada	100
Central Ecuador Holdings Ltd.	Canada	30 <sup>(1)</sup>
EMH S.A.	Ecuador	100
Condorming Corporation S.A.	Ecuador	90
Corporacion FJTX Exploration S.A.	Ecuador	100
Bestminers S.A.	Ecuador	90
Condormine S.A.	Ecuador	90.1
Proyectmin S.A.	Ecuador	100
Luminex Services Ecuador LS-EC S.A.	Ecuador	100
Southern Ecuador SN-EC S.A.	Ecuador	100
Central Ecuador EC-CT S.A.	Ecuador	30 <sup>(1)</sup>

<sup>(1)</sup> See Note 8(a) for details around the equity interest held by Anglo American pursuant to the Anglo Agreement.

*Related party expenses and balances*

In addition to related party transactions described elsewhere in these financial statements with Lumina related to the Arrangement (Note 4) and the FQM and Anglo American Earn-in Agreements (Note 8(a)), the Group incurred the following expenses with related parties:

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

Company	Nature of transactions	Period from March 16, 2018 to September 30, 2018
Miedzi	E&E (geological)	\$ 2,204
Miedzi	G&A	5,693
Miedzi	Fees	21,624
Lumina Gold Corp.	Fees	1,536
Hathaway Consulting Ltd.	Fees	7,673
Koval Management Inc.	Fees	10,813
La Mar Consulting Inc.	E&E (social and community)	6,150
Lyle E Braaten Law Corp.	Fees	5,116
		\$ 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 (see Note 4).

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**17. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS (continued)***Interest expense*

During the period prior to completion of the Arrangement to spinout Luminex from Lumina, 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. Immediately prior to the Arrangement on August 31, 2018, the loan advances and accrued interest were capitalized to equity contributed from Lumina.

*Key management personnel compensation*

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

	Three months ended September 30, 2018		Period from March 16, 2018 to September 30, 2018	
Short-term benefits (i)	\$	91,404	\$	91,404
Share-based payments (ii)		-		-
<b>Total remuneration</b>	<b>\$</b>	<b>91,404</b>	<b>\$</b>	<b>91,404</b>

(i) Short-term benefits include fees and salaries, including where those costs have been allocated to E&E expenditures (see Note 8(b)).

(ii) Share-based payments are the fair value of options granted (vested and unvested) to key management personnel as at the grant date, including where those amounts have been allocated to E&E expenditures. There were no new stock options awarded during the period except for those arising from the Arrangement.

(iii) Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the periods ended September 30, 2018.

**18. COMMITMENTS AND CONTINGENT LIABILITY***Commitments*

As at September 30, 2018, the Group has entered into agreements that include rental of office space that require minimum payments in the aggregate as follows:

Within one year	\$	12,000
After one year but not more than five years		-
More than five years		-
	<b>\$</b>	<b>12,000</b>

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

- (a) Concessions granted pursuant to the Public Tender (see Note 8(a)) require minimum expenditures per year (commencing on the registration date of the concession with the Government of Ecuador) of \$5 per hectare for each of Years 1 and 2 and \$10 per hectare for each of Years 3 and 4.

Should the Group determine that it no longer wishes to maintain a concession that was granted by Public Tender it is only required to have spent up to the required per hectare amount up until the date of the letter of resignation from the concession.

- (b) Applications for new concessions via Public Tender in Ecuador, require that an investment offer be presented for each concession. The investment offer represents the total amount that is required to be spent in order to maintain possession of the concession area at the end of the four-year investment period required by the Government of Ecuador. These amounts would include any expenditures as noted in (a) above.

- (c) Concessions in Ecuador require the Group to submit an annual expenditure plan to the Government of Ecuador outlining the minimum amount of committed expenditures for the upcoming year.

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**18. COMMITMENTS AND CONTINGENT LIABILITY (continued)***Commitments (continued)*

Accordingly, should the Group wish to retain possession of all the concession areas it holds as at September 30, 2018, the Group's commitment is as follows:

Year ended December 31, 2018	\$	2,078,000
By dates ranging from December 19, 2020 – July 24, 2021 (the 4-year anniversary dates of concessions granted)		19,975,000
	\$	22,053,000

Amounts in the table above have not been adjusted for expenditures incurred by Lumina (prior to the Arrangement on August 31, 2018) and Luminex in the nine months ended September 30, 2018. As disclosed in Note 8(b), the Group has incurred E&E expenditures (including amounts incurred by Lumina prior to the Arrangement) of approximately \$5.5 million during the nine months ended September 30, 2018. Final expenditure amounts are reported to the Government of Ecuador following the end of the fiscal year and may vary per project from the disclosures in the Group's consolidated financial statements due to in-country allocation of field office expenses.

*Contingent liability*

Luminex has entered into an agency agreement with Miedzi to facilitate transactions between the entities and provide clarity around ongoing G&A costs in case of withdrawal from the agency agreement, including provisions for rent of premises and personnel costs.

**19. POST-REPORTING DATE EVENTS**

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of the consolidated financial statements except that:

- (a) 1,200,000 stock options were granted at an exercise price of C\$0.80 per common share.
- (b) 25,074 stock options were exercised for exercise prices ranging from C\$0.38 to C\$0.65 and 28,500 stock options expired unexercised.