



LUMINEX RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE PERIOD FROM INCORPORATION ON MARCH 16, 2018 TO
DECEMBER 31, 2018**

TSX-V: LR



www.luminexresources.com

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December 31, 2018**

April 17, 2019

INTRODUCTION

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

On August 31, 2018, pursuant to the Arrangement, Lumina's shareholders received common shares of Luminex by way of a share exchange, whereby each existing common share of Lumina was exchanged for one "new" common share of Lumina and 0.15 of a common share of Luminex resulting in the issuance of 41,070,484 common shares of Luminex. Optionholders of Lumina received replacement options of Lumina and options of Luminex which 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 audited consolidated financial statements of the Company and the notes thereto for the period from incorporation on March 16, 2018 to December 31, 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 financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). The Company's audited consolidated financial statements for the period from incorporation on March 16, 2018 to December 31, 2018 were prepared in accordance with IFRS.

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 on its projects and those subject to earn-in;
- 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 Company's plans to work with BHP Group plc ("BHP") to conclude a definitive agreement regarding the Tarqui concessions;
- the Company's plans to evaluate on a case-by-case basis whether to advance projects internally or seek strategic partners for concessions acquired by tender process in Ecuador;
- the Company's plans to initiate further exploration, project engineering and development studies for its different assets on a case-by-case basis;
- the Company's ability to comply with permitting and regulatory requirements related to exploration and development and related operations, as well as any associated costs and timing;
- prospects for identifying and/or acquiring additional mining concessions or projects, within or outside of Ecuador;
- the Company's ability to acquire, secure, and maintain access to surface lands needed for its operations;

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- 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 that global geopolitical and macroeconomic developments will continue to drive sustained improvements in copper and gold markets;
- the Company's expectation that the Ecuadorian mining industry, including governmental support, will continue to evolve in a positive direction;
- 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 Government of Ecuador's actions, including efforts to improve the legal and regulatory framework, uphold rule of law, counter legal and social strategies of anti-mining activists, and implement a future concession tender process;
- the Company's ability to identify and, with government support, control incursions by informal miners into its concessions;
- the potential for additional consultation with indigenous peoples and communities being required;
- 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, environmental, and mining specific public policies, laws and regulations, administrative agencies and other governmental institutions, including the Ombudsman and the judiciary, and legal, political, 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 or other illegal purposes, permission to conduct artisanal hard rock or alluvial mining on Company concessions, or other local political and social pressures;
- risks relating to required consultations with indigenous and local communities;
- risks relating to the social, environmental and geological conditions in areas in proximity to the concessions under development;
- risks relating to Luminex's rights or activities being impacted by litigation or administrative processes;
- risks relating to Luminex's ability to secure and maintain social licenses from local communities and access concession surface areas and other properties needed to advance its exploration and development programs;
- risks relating to Luminex's ability to prevent illegal mining on its concessions, with or without the involvement of national, provincial and local authorities;

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- 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 to December 31, 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 to December 31, 2018.

Condor Project

The Company holds title to nine mineral concessions, collectively known as the "Condor Project", in the Zamora Chinchipe province in southwestern Ecuador, totalling an area of 10,101 hectares. This includes the Escondida and Santa Elena concession areas 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 concessions of the Condor Project. In addition, the Company holds approximately 149 hectares of land access rights granted by way of easements.

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Within the 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.

Zamora-Chinchipe is serviced by air from the city of Loja which is a three-hour drive from the Condor Project. Access is by paved highways via the provincial capital of Zamora and then 50 kilometres ("km") east to the village of Paquisha. From Paquisha there 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. A drilling program, which was included in the updated mineral resource estimate below, ended in February 2018 after a total of 1,907 metres in nine holes were drilled.

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: $AuEq = Au \text{ g/t} + (Ag \text{ g/t} * 0.0122) + (Cu \% * 1.592)$.
- (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.

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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.

The Company has been continuing initial exploration at the Santa Barbara, Prometedor and other parts of the Condor Project's concessions. The focus of this work has been geologic mapping, soil and rock sampling and, at the Santa Barbara deposit, metallurgical testing on approximately 100 kilograms of core samples. Drilling at a newly discovered surface rock chip anomaly at the existing Condor camp (the "Camp Zone") is expected to commence in the second quarter of 2019 and it is hoped this will prove to be an extension of the existing gold mineralized zone at Los Cuyes.

Other Concessions

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 Company is responsible for payment of annual concession fees to the point in time at which the relinquishment of the concession is completed.

Lumina was granted the following areas which were 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	

⁽¹⁾ Concessions acquired by way of option agreement with Proyectmin S.A., a related party to Lumina. Under the terms of the option agreement, Lumina was responsible for funding the required work commitments on the concessions. After two years, the concessions were to be transferred to Lumina. On April 18, 2018, Luminex acquired 100% of the shares of Proyectmin S.A. for \$35,000 which eliminated the option agreement as ownership of the concessions became directly controlled by Luminex.

⁽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 FQM Earn-in Agreement, First Quantum committed to fund a minimum of \$1.5 million in exploration expenditures and fees by the end of year one, after which it can withdraw from the agreement with no retained interest. If First Quantum 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 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 are to be received over the duration of the First Earn-in period, which payments will be remitted to Luminex. On February 21, 2019, the Company received \$150,000 from First Quantum, as noted in the table below.

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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 is made 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 would act as the manager of the work programs to be conducted under the direction of First Quantum. The Services Agreement was assigned to Luminex in connection with the Arrangement. As manager, Luminex is entitled to charge an overhead and recovery fee of 10% of the expenditures incurred on the Properties, which costs will count towards First Quantum's total expenditures under the First Earn-in. 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 December 31, 2018:

Year	Cash Payments	Due date for cash payment	Due date for spend	Orquideas		Cascas	
				Spend Commitment	Spend to December 31, 2018	Spend Commitment	Spend to December 31, 2018
1	\$100,000	On signing (paid)	February 17, 2019	\$850,000	\$850,000	\$550,000	\$232,000
2	\$150,000	Received February 21, 2019	February 17, 2020	\$2,250,000	\$591,000	\$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	\$1,441,000	\$10,300,000	\$232,000

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 only one of the Cascas or Orquideas concessions), the remaining cash payments are unchanged but the total First Earn-in amount is reduced to only the portion relating to the remaining concessions.

To date, activity on Cascas has been limited as the Company continues to seek access to areas of interest and is working with local communities to achieve this.

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 second or third quarter 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, currently scheduled to be completed in 2019. The Company is continuing to work with First Quantum to advance the drill plans at Orquideas, which have recently been impacted by a lack of available helicopter providers in Ecuador. Accordingly, the Company and First Quantum are exploring options to drill test these zones using land-based drill mobilization and a final plan forward will be decided in the upcoming quarter. Access to all areas needed for the upcoming campaign has been secured via contracts with surface owners or land possessors.

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 form the joint venture company to operate the Pegasus Project, should all spending commitments be met. Anglo American has the following spending commitments pursuant to the Anglo Agreement:

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

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Contribution, its shares in Central will be cancelled and returned to treasury and the Pegasus Project will revert to being 100% owned by Luminex;

- (ii) Anglo American can earn an additional 26% interest in the Pegasus Project (for a total of 51%) by making payments to Luminex totaling \$2.4 million by September 21, 2023 (with \$1,000,000 due by September 21, 2022 and \$1,400,000 by September 21, 2023) and funding exploration expenditures of \$25 million no later than September 21, 2024 (the "First Option");
- (iii) Following completion of the First Option, Anglo American can earn an additional 9% interest in the Pegasus Project (for a total of 60%) by making a payment to Luminex of \$2.5 million by September 21, 2024 and funding exploration expenditures of \$15 million by September 21, 2025 (the "Second Option"); and
- (iv) Anglo American can earn an additional 10% interest in the Pegasus Project following completion of the Second Option if it solely funds all the required work up to a decision to construct a mine at the Pegasus Project, for a total retained interest of 70%.

As at December 31, 2018, Anglo American had incurred approximately \$1.5 million towards its initial \$2.2 million required to be incurred by September 21, 2019. The tables below illustrate the cash payments and the spending commitments and milestones pursuant to the Anglo Agreement in order for Anglo American to earn up to a 60% interest:

Cash Payment Schedule:

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

⁽¹⁾ Received by Lumina.

Spend Commitment Schedule:

Due Date	Spend Commitment	Spend Incurred During Period
By September 21, 2019	\$ 2,200,000	\$ 1,500,000
By September 21, 2022	\$ 7,800,000	\$ -
25% Interest Spending Milestone	\$ 10,000,000	\$ 1,500,000
By September 21, 2024	\$ 25,000,000	\$ -
51% Interest Cumulative Spending Milestone	\$ 35,000,000	\$ 1,500,000
By September 21, 2025	\$ 15,000,000	\$ -
60% Interest Cumulative Spending Milestone	\$ 50,000,000	\$ 1,500,000

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

As noted in Note 8(b) to the audited consolidated financial statements for the period ending December 31, 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.

Work programs carried out by Anglo American on the Pegasus Project have included stream sediments sampling, structural geology field validation, field mapping and rock chip sampling. For 2019, Anglo American has made payment for the 2019 annual

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concession fees (total of approximately \$663,000) and has outlined plans to carry out ZTEM surveys on the entire area that comprises the Pegasus Project.

BHP Group plc Non-Binding Letter of Intent

On March 18, 2019, Luminex entered into a non-binding letter of intent ("LOI") for an earn-in and joint venture agreement with a wholly-owned subsidiary of BHP relating to the Company's Tarqui 1 and 2 mining concessions ("Tarqui"). BHP will have the right to earn up to a 70% ownership interest in Tarqui by investing an aggregate amount up to \$75 million and making up to \$7 million of cash payments to Luminex. Luminex has agreed to work exclusively with BHP to negotiate and complete a binding agreement (the "BHP Agreement"). The LOI envisages a three stage earn-in by BHP whereby it will have the right to:

- (i) earn a 51% interest on completion of \$25 million of exploration expenditures and \$2.4 million of cash payments to Luminex by the 4th anniversary of signing of the BHP Agreement ("First BHP Earn-in");
- (ii) earn an additional 9% interest on completion of cumulative \$35 million of exploration expenditures and cumulative \$7 million of cash payments to Luminex by the 6th anniversary of signing of the BHP Agreement ("Second BHP Earn-in"); and
- (iii) earn an additional 10% interest on completion of cumulative \$75 million of exploration expenditures ("Third BHP Earn-in").

BHP will assume management of the joint venture company and the exploration program for Tarqui and will have the right to accelerate the exercise of the earn-in by completing all the exploration expenditures and any outstanding cash payments to Luminex in a period shorter than the earn-in term.

Upon completion of the Third BHP Earn-in, Luminex would retain a 30% interest in Tarqui and be responsible for funding its 30% pro rata share of any capital required. Entering into the BHP Agreement and completing the transactions above are subject to customary conditions, including BHP being satisfied with its due diligence of Tarqui, approval by Luminex's board of directors and receipt of all necessary governmental and regulatory approvals.

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, ground magnetic survey, as well as detailed geologic mapping with a view to defining prospective mineralized targets, advancing projects of merit or relinquishing areas deemed un-prospective.

Certain among the acquired concessions in the Zamora Chinchipe Province, for example Cascas, which is one of the concessions in the First Quantum earn-in, 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.

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 Morona Santiago-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 was completed in late 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.

In March 2019, the Company substantially completed the process to relinquish four concession areas (Palma Real 1 – 4) which had been determined to only hold minimal potential. This process included completion of environmental audits and approval by Ecuador's Ministry of Environment.

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General Developments in Ecuador

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 (Lundin Gold) and Rio Blanco (Junefield) projects; (v) formal elimination of the windfall profits tax, reduction of potential net smelter return ("NSR") royalty, and moderation of the effects of the capital gains taxes for non-resident companies; and, (vi) regulation and implementation of non-systematic ("Scout") drilling during initial exploration. The agreements signed by Lundin Gold and Junefield 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.

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 conjunction with this development, senior government officials in Ecuador stepped up their collaboration with the International Monetary Fund and World Bank with a view to improving Ecuador's access to foreign credit and have started negotiations with the United States to improve commercial relations; these discussions led directly to 30-year loan agreements with multilateral institutions totalling \$10.2 billion in loans announced in February 2019. In addition, Ecuador has applied for membership to the Pacific Alliance, a trade group that includes Chile, Colombia, Mexico and Peru; Canada, Australia, New Zealand and Singapore have also applied for membership.

Under the leadership of Minister Carlos Perez, Ministry of Energy and Non-Renewable Resources, the administration eliminated the mining windfall tax and continued efforts 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, enacted in August 2018, contains provisions eliminating the windfall profits tax, changing the NSR royalty rate for large mining from 5%-8% to a range of 3%-8%, and reducing the capital gains tax on gains made upon the transfer of the shares of mining companies from 22% to 10% for non-residents of Ecuador. Following the enactment of this legislation, the administration took aggressive measures to control government spending and bureaucracy, including reducing headcounts at state agencies, cutting 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 of Ecuador's commitment to consolidating Ecuador's status as an attractive mining jurisdiction that competes for significant foreign investment. On recent trips to Australia, Canada, 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 of Ecuador reviews the mining cadastre and rectifies approximately 2.5 million hectares of concessions that were not in good legal standing.

In addition, the Government of Ecuador has taken measures to unblock the gridlock that has been causing lengthy environmental permitting delays. Most importantly, a Ministerial Agreement was issued in June 2018 providing for non-systematic drilling, Scout Drilling, without an EIS during initial exploration. This process required the consent of the Ministry of Environment, which delivered its guidelines in October 2018, via the issuance of a Ministerial Agreement defining the processes to be followed in order to obtain regulatory approval for this work.

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, the Government of Ecuador is drafting 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.

In recent months, certain anti-mining activists in Ecuador 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 ("ILO") 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 Junefield's Ecuagoldmining South America S.A.'s Rio Blanco mine. Some legal analysts have concluded that the court's legal

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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. succeeded in facing down a similar challenge, based on a court expert's finding that the communities in the affected area did not meet the definition of "indigenous" for prior consultation purposes. Along similar lines, on March 18, 2019, the Constitutional Court of Ecuador announced that the public referendum on mining in a canton where INV Metals Inc. ("INV Metals") intends to place facilities could proceed. The Court's ruling was strictly procedural, holding that because it had not pronounced itself in a timely fashion on the substance of the matter, specifically, whether the process of the vote was constitutional, the decision of a National Election Council approving the vote must stand. The referendum vote took place on March 24, 2019, in Azuay province, long known to be especially sensitive about water use, and in a highly charged political environment. The local referendum voting went against mining activity. INV Metals responded by announcing they were evaluating the results and might possibly relocate the facilities to a more supportive canton. In addition, several parties announced their intention to challenge the outcome of the vote on the grounds that it was unconstitutional. Several Luminex concessions are located on or near indigenous peoples or communities, and therefore the Company is taking great care to fortify its community relations, including through ongoing dialogue, as well as the implementation of consultation protocols, framework social agreements, and collaborative development and execution of social programs.

As in other Latin American countries, in Ecuador the mining industry will continue to face challenges. However, given the magnitude of mining's potential and the sector's widely recognized importance to the country's future economic viability, mining can be expected to continue to evolve in an overall positive direction. Government of Ecuador officials have recognized the potential ramifications of these developments for foreign mining investment as well as other industries and announced that the Executive Branch of the Government of Ecuador will soon issue a national mining policy to clearly define the areas of the country that will be open, as well as off limits, to mining development. Foreign companies, while expressing similar concerns, are not backing away, as demonstrated by CODELCO on March 29, 2019, formalizing the creation of a joint venture corporation with the state-owned mining company ENAMI for the co-development of the large Llurimagua copper porphyry deposit. Likewise, other major mining companies such as Anglo American, BHP, First Quantum and Newcrest Mining Limited all continue to invest, directly and indirectly, in exploration and development in Ecuador. At the same time, two major mines, Fruta del Norte (Lundin Gold Inc.) and Mirador (Ecuacorriente S.A.), remain on course to come into production in the next year.

Financing Activity

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

OUTLOOK

The Company's strategy focuses on advancing exploration at the Condor Project, as well as the First Quantum and Anglo American earn-in and joint venture projects. In addition, 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 Quimi, La Canela and Tres Picachos. As described earlier in this MD&A, the Company has plans to commence drilling at the Condor Camp Zone in the first half 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 has applied for the required permits to drill and is planning to commence a drilling campaign in the second or third quarter. Anglo American has built a camp at the Pegasus Project, which is serving as a base for initial exploration work, as well as the advanced exploration activities it is currently in the process of permitting.

As described earlier in this MD&A, the Company has signed a non-binding LOI with BHP on the Tarqui concessions. The Company will work with BHP to conclude a definitive agreement as soon as possible.

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, Anglo American and BHP. The Company also plans to initiate further exploration, project engineering and development studies for its different assets on a case by case basis.

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SELECTED ANNUAL FINANCIAL INFORMATION

The following summary financial information has been derived from the financial statements of the Company, which have been prepared in accordance with IFRS. The Company's significant accounting policies are outlined within Note 3 to the audited consolidated financial statements of the Company for the period from incorporation on March 16, 2018 to December 31, 2018.

	Period from March 16, 2018 to December 31, 2018
Consolidated Statement of Comprehensive Loss	
Revenue	\$ -
Expenses	(3,430,993)
Impairment	(17,772,284)
Other expenses	(30,376)
Net loss and comprehensive loss for the period	\$ (21,233,653)
Loss attributable to:	
Owners of the Company	\$ (19,314,585)
Non-controlling interest	(1,919,068)
	\$ (21,233,653)
Loss per share – basic and diluted	\$ (1.11)
Consolidated Balance Sheet	
Cash	\$ 3,384,161
Exploration and evaluation assets, including investment in Pegasus	33,145,626
Property and equipment	890,585
Total assets	37,650,972
Total liabilities	595,710
Equity:	
Share capital	53,576,655
Share option reserve	283,454
Accumulated deficit	(19,314,585)
Non-controlling interest	2,509,738

A review of the results of operations for the period from March 16, 2018 to December 31, 2018 is presented below in the "Review of Financial Results" section of this MD&A.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the audited consolidated financial statements of the Company for the period from March 16, 2018 to December 31, 2018 along with other public disclosure documents of the Company.

For the period from incorporation on March 16, 2018 to December 31, 2018 the Company reported a net loss of \$21,233,653. Further details of items impacting the Company's net loss are noted in the commentary that follows.

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

The Company capitalizes costs incurred acquiring E&E assets and any required licenses related thereto with a term of more than one year. The Company's E&E assets at December 31, 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 in connection with the Arrangement. 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 \$3,430,000 relating to concession areas transferred to Luminex from Lumina. These are detailed in Notes 8(a) and (b) to the audited consolidated financial statements for the period from March 16, 2018 to December 31, 2018.

E&E expenditures are expensed to profit and loss as incurred. These expenditures are discussed below and are disclosed in Note 8(c) of the audited consolidated financial statements for the period ended December 31, 2018.

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Expenses

Exploration and evaluation expenditures

Total E&E expenses for the period from incorporation on March 16, 2018 to December 31, 2018 were \$2,333,383. These amounts do not include amounts incurred by Lumina on the mineral concessions prior to their transfer to Luminex on April 26, 2018, which amounts will count towards fulfilling commitments to the Government of Ecuador for minimum spending purposes to maintain mineral concessions in good standing. They also do not include amounts that have been funded or spent by 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 where E&E expenditures for the period from incorporation on March 16, 2018 to December 31, 2018 were as follows:

	Period from March 16, 2018 to December 31, 2018
Mineral rights	\$ 67,162
Legal fees	6,048
Assays / Sampling	35,382
Camp	332,568
Camp access and improvements	32,507
Environmental, Health & Safety	84,443
Field office	234,380
Geological consulting	367,330
Geological and field staff	133,608
Metallurgical	5,580
Project management	123,979
Social and community	111,659
Transportation and accommodation	169,353
	\$ 1,703,999

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(c) to the audited consolidated financial statements of the Company for the period ended December 31, 2018. A total of \$629,384 was incurred on Company's other projects from March 16, 2018 to December 31, 2018.

The most significant area for activity was the Tarqui project which had the following expenditures:

	Period from March 16, 2018 to December 31, 2018
Legal fees	\$ 1,711
Assays / Sampling	25,123
Camp	29,883
Camp access and improvements	616
Environmental, Health & Safety	4,262
Field office	756
Geological consulting	104,745
Geological and field staff	39,470
Project management	6,565
Social and community	65,660
Transportation and accommodation	40,927
	\$ 319,718

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Other operating expenses

The Company's other expenses for the period from March 16, 2018 to December 31, 2018 were as follows:

	Period from March 16, 2018 to December 31, 2018	
Fees, salaries and other employee benefits	\$	668,305
General and administration ("G&A")		93,341
Professional fees		335,964
	\$	1,097,610

The Company effectively commenced operations upon completion of the Arrangement on August 31, 2018. The fees and salaries expenses reflect amounts incurred during the months of August through December 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.

Other income / expenses

The Company's other income / expenses for the period from March 16, 2018 to December 31, 2018 were as follows:

	Period from March 16, 2018 to December 31, 2018	
Impairment	\$	(17,772,284)
Interest income and other		35,521
Interest expense (discussed below in section "Related Party Transactions")		(65,408)
Foreign exchange loss		(489)
	\$	(17,802,660)

In connection with the Arrangement, the Company assessed the fair value of the net assets received from Lumina, and, in particular, the exploration and evaluation assets. The fair value of the exploration and evaluation assets was determined using comparable market transactions to value the Condor Project and a replacement cost approach on the Company's mineral projects where mineral resources were yet to be determined. Following such valuation, the Condor Project was determined to be impaired in the amount of \$17,772,284 as of August 31, 2018.

The Company's interest and other income consisted primarily of interest earned on bank deposits and the Company's environmental deposit in the amount of \$4,899 and \$30,622 relating to the overhead and recovery fee charged to First Quantum pursuant to the Services Agreement with First Quantum as described earlier in this MD&A.

Related Party Transactions

In addition to the transactions with Lumina associated with the Arrangement, the FQM Earn-in Agreement and the Anglo Agreement, the Company incurred the following expenses with related parties:

Company	Nature of transactions	Period from March 16, 2018 to December 31, 2018	
Miedzi Copper Corp. ("Miedzi")	E&E (Geological)	\$	13,148
Miedzi	G&A		23,534
Miedzi	Fees		134,373
Lumina Gold Corp.	Fees		1,536
Hathaway Consulting Ltd.	Fees		52,776
Koval Management, Inc.	Fees		68,996
La Mar Consulting Inc.	E&E (social and community)		40,732
Lyle E Braaten Law Corp.	Fees		49,717
		\$	384,812

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 December 31, 2018, there were no amounts owing to these related parties. Included in accounts receivable is \$3,651 due from Odin Mining del Ecuador S.A. ("Odin"), a subsidiary of Lumina, relating to transfers of personnel to the group.

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Luminex Services Ecuador LS-EC S.A. ("Luminex Services"), a wholly-owned subsidiary, provides personnel services to Odin whereby personnel time is recharged based on time worked and at a rate of cost plus 6%. These services are recorded in the Company's audited consolidated financial statements for the period ended December 31, 2018 as a reduction of cost associated to E&E expenditures. The total amount charged to Odin subsequent to the Arrangement was \$103,285.

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) AND FOURTH QUARTER

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

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

The Company was incorporated on March 16, 2018 and initially operated as a subsidiary of Lumina pending completion of the Arrangement on August 31, 2018. The Company had no operations until April 26, 2018 when the Condor Project and other assets and liabilities were transferred from Lumina in connection with the Arrangement. The activities of the Company have been described earlier in this MD&A, in particular in the sections "Overview of significant events and review of activities" and "Review of Financial Results." Overall activity levels were broadly consistent during the three months ended September 30, 2018 and December 31, 2018 with regard to exploration and evaluation work programs and personnel. The net loss for the three months ended September 30, 2018 consisted in large part of the impairment of \$17,772,284 recorded on the Condor Project as described earlier in this MD&A. The Company's expenses for the three months ended December 31, 2018 increased by \$944,688 compared to the three months ended September 30, 2018, primarily as a result of (i) share-based payment expense relating to stock options granted in October 2018; (ii) year end bonus payments to personnel in Canada and Ecuador; and (iii) additional geological consulting and evaluation work carried out on the Condor Project relative to the prior three month period ended September 30, 2018.

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 audited consolidated financial statements for the period from March 16, 2018 to December 31, 2018.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2018, the Company had cash of \$3,384,161 and a working capital balance of \$2,850,607. The Company's cash and current assets at December 31, 2018, were sufficient to meet the Company's current accounts payable and accrued liabilities.

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

At December 31, 2018, approximately \$2.9 million of the Company's cash and cash equivalents were held at Scotiabank, a major chartered bank in Canada, and approximately \$0.5 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 December 31, 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 20 of the audited consolidated financial

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statements of the Company for the period ended December 31, 2018. Those disclosures and the commitment amounts below exclude amounts for the Pegasus Project which is being managed by Anglo American and the Cascas and Orquideas projects which are subject to earn-in by First Quantum. For 2019, the Company has a commitment of \$382,000 on its projects. The Company's current working capital is sufficient to meet this commitment.

For the mineral concessions that were received via tender process, the Company has four years from the concession registration date to satisfy the full amount that was committed in the tender process or the concession will be forfeited. The below chart sets out for each concession (or group of concessions) obtained and held at December 31, 2018, the total four-year commitment, amounts incurred by the Company, and which the Company believes are acceptable to be compliant under the four-year reporting rules, and remaining total commitment amount (assuming all concessions are retained):

Concession Name	Total Four-year Spending Commitment	Company spend to December 31, 2018	Remaining Four-year Commitment⁽³⁾
Escondida & Santa Elena ⁽¹⁾	\$ 2,507,165	\$ 164,995	\$ 2,342,170
La Canela	2,052,253	218,494	1,833,759
Palma Real (4 concessions) ⁽²⁾	N/A	N/A	N/A
Quimi (2 concessions)	2,035,300	258,128	1,777,172
Tarqui (2 concessions)	1,210,355	732,703	477,652
Tres Picachos	2,050,248	399,630	1,650,618
TOTAL	\$ 9,855,321	\$ 1,773,950	\$ 8,081,371

⁽¹⁾ Concessions now included in the Condor Project.

⁽²⁾ The Company was actively working towards relinquishing these concessions at December 31, 2018; which process was substantively completed in the first quarter of 2019. Accordingly, it is expected that only a portion of the 2019 annual concession fees will be payable and this was reflected in reports submitted to ARCOM, Ecuador's Agency for Mining Regulation and Control, for 2019 expenditures which were estimated at \$49,000.

⁽³⁾ The disclosed remaining four-year commitment includes a total of \$236,750 related to minimum spending commitments for 2019, which amount is included in the total of \$382,000 as disclosed above.

As at December 31, 2018, the Company estimates the remaining four-year commitment on (i) the Pegasus Project is approximately \$1.1 million; (ii) the Cascas concessions is approximately \$2.0 million; and (iii) on the Orquideas concession is approximately \$4.5 million. All these areas are currently subject to earn-in by Anglo American and First Quantum respectively.

To date, the capital requirements of the Company have been met by contributions from Lumina. As noted in Note 2(c) to the audited consolidated financial statements of the Company for the period ended December 31, 2018, the Company has incurred cumulative losses of \$19,314,585 and will continue to incur losses in the development of its business. The Company's ability to continue as a going concern is dependent upon obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests, or a combination thereof. The ability to raise additional financing for future activities may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company, such as uncertainty in the capital markets, depressed commodity prices or country risk factors. This exposure is discussed in more detail in the "Risks and Uncertainties" section of this MD&A. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

FINANCIAL INSTRUMENTS

At December 31, 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.

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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 16(a) to the audited consolidated financial statements for the period ended December 31, 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 December 31, 2018, the Company's current liabilities consisted of accounts payable and accrued liabilities of \$595,710 which are due primarily within the next quarter. The Company's cash of \$3,384,161 at December 31, 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 period ended December 31, 2018 is interest income earned on the Company's cash. Based on the Company's cash at December 31, 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 \$34,000 (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 December 31, 2018, the Company's cash was primarily held in U.S. dollars as disclosed in Note 5 of the audited consolidated financial statements for the period ended December 31, 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 not have a material impact to the results of operations based upon the foreign currency financial instruments (including cash) held at December 31, 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.

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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 audited consolidated financial statements for the period ended December 31, 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 Luminex and each subsidiary company is the U.S. dollar.

Going concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. As disclosed in Note 2(c) of the audited consolidated financial statements for the period ended December 31, 2018, the Company has incurred cumulative losses of \$19,314,585. The ability of the Company to continue as a going concern is dependent upon obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests or a combination thereof. Factors that the Company evaluates include forecasts, the ability to reduce expenditures if required, and indications of shareholder support.

Exploration and evaluation assets

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

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.

During 2018 and continuing into the first quarter of 2019, management of the Company has reviewed existing lease and service contracts to identify contracts that fall into the scope of IFRS 16. This also contemplated whether service contracts contained any embedded leases. Following this scoping work, the Company has begun to develop a valuation approach to measure the right of use assets and related lease obligations, which work is ongoing.

Upon adoption of IFRS 16, the Company will be required to record any new right of use assets and associated lease liabilities related to leases with a term of twelve months or more on the consolidated balance sheet at January 1, 2019.

The Company is in the process of finalizing the assessment of the impact that the adoption of IFRS 16 will have on the consolidated financial statements. The Company will use the modified retrospective approach of adoption resulting in no restatement of prior year comparatives. The quantitative impact, if any, of adopting IFRS 16 will be provided in the Company's first interim financial statements in 2019.

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, social and political strife, litigation, 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.

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

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

It is a challenge to comply strictly with all of the norms that apply to the Company. The Company retains competent and well trained 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, including those relating to mineral rights applications and tenure, could result in loss, reduction, cancellation or expropriation of entitlements, or the imposition of local or foreign parties as joint venture partners with carried or other interests. Any such loss, reduction or imposition of partners could have a material adverse impact on the Company's operations or business. Furthermore, increasing complexity or novel judicial or regulatory interpretations of mining laws and regulations may render the Company incapable of strict compliance.

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

The Company's exploration and mine development activities are subject to extensive laws and regulations governing the protection of the environment, 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, and more. The Company's ability to obtain permits and other approvals and to successfully operate in particular locations may be adversely impacted by real or perceived detrimental events associated with the Company's activities or those of other mining companies or associations, or even artisanal or illegal miners affecting the environment, human health, and safety of nearby communities, both within and outside of Ecuador. Delays in obtaining or failure to secure government permits and approvals, or to secure evictions of illegal miners or other invaders, may adversely affect the Company's ability to access, explore or develop its properties. The Company has made, and expects to make in the future, significant expenditures to comply

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with laws and regulations and to the extent reasonably possible, generate 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 exploration requirements and impacts. Similarly, local concerns regarding environmental and social impacts, both current and historic, including pressures and worries related to the activities of illegal miners, as well as expectations related to Company employment, social investment programs and other benefits vary from place to place. Every local stakeholder relationship, however, requires ongoing dialogue and relationship management. For these purposes, the Company has assembled a Community Relations team, led by experienced professionals and, when necessary, supported by expert consultants, who develop and execute social communications strategies and implementation plans aimed at creating sustainable and enduring relationships based on collaboration, shared interests and trust. Events do not always unfold as intended or according to plan, however, and the status of relations can deteriorate for any number of reasons, including, but not limited to: influences of local or external political or social actors or organizations, shifts in the agendas or interests of individuals or the community as a whole, or the Company's inability to deliver on community expectations or its commitments. The Community Relations team is prepared to manage such situations and issues are usually resolved through dialogue within a reasonable timeframe. However, if under extreme circumstances the Company were to lose its social license with one or more communities and be unable to recover it, this could impact the viability of the related project.

Additionally, in recent years, anti-mining organizations, at times funded at least in part by international nongovernmental organizations, have increased their activities in Ecuador. Activists have taken such actions as road closures and work stoppages. Anti-mining activists in Ecuador have also brought claims before the courts seeking to constitutionally enjoin mining companies from advancing projects until the Government of Ecuador complies with its commitments under article 57 of the Constitution of the Republic of Ecuador and the ILO convention, which requires free, prior and informed consultation to aboriginal or indigenous communities. Such initiatives may have a material adverse effect on the Company's operations and on its financial position, cash flows and results of operations.

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

Several of the Company's concessions are located close to, or may even encompass, communities with a history of artisanal, often illegal, mining. Limited economic opportunities in some areas contribute to making gold mining an attractive field of work for local individuals and small associations and companies, who at times view areas located in the Company's concessions as attractive targets for alluvial or hard rock mining. 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, or even be involved in some manner in backing such operations. The Company monitors local mining activities and is in regular contact with law enforcement, regulatory and political authorities to anticipate and manage issues as they arise, however not every incursion can be readily identified. 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 Company projects.

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

In the ordinary course of business, the Company is required to obtain 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, the expertise or diligence of civil servants, and the timeframes for agency decisions. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could slow exploration and/or development or impede the eventual operation of a mine, and could adversely impact the Company's operations and profitability.

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

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

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

In order to stay in business, in the absence of 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.

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- *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, damage infrastructure or other impacts, labour disruptions, legislative and regulatory changes, crime, including corruption, the inability to obtain adequate sources of power, water, labour, suitable or adequate machinery and equipment, and 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 and could negatively impact project development and the Company's prospects.

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

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

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

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

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- *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, social, 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, social and other risks and uncertainties. These risks and uncertainties include, but are not limited to: terrorism; hostage taking; military repression; high rates of inflation; labour unrest; war or civil unrest; creeping or outright expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts, including by way of invalidation of governmental acts; artisanal and illegal mining operations and the government's enforcement of norms restricting these activities; changes in taxation and mining-related laws and regulations; trade protectionism, including restrictions or tariffs on imports; changes to the foreign exchange regime; changes to the currency regime; currency controls; restrictions on repatriation of funds; changing political conditions, including electoral results; challenges to the validity of governmental acts; litigation and judicial decisions that run counter to the Government's pro-mining policies; corrupt or unethical behaviour by government officials or agents, judges, and even Company employees; and, governmental regulations that may favour or require the awarding of contracts to local contractors or require foreign contractors to employ residents of, or purchase supplies from, a particular jurisdiction. The reputation of Ecuador as a developing nation, perceived by many as having a track record of political instability and measures contrary to attracting investment in the mining sector and other areas of the economy, may make it more difficult for the Company to obtain 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 governmental legislation, regulations and pronouncements with respect to, but not limited to: restrictions on production; price controls; export controls; currency remittances; taxes, including income taxes, property taxes, value added taxes, capital gains taxes, windfall taxes, and the sovereign adjustment tax; royalties; expropriation of property; foreign investment; maintenance of claims; the environment; land use, including territorial bans on mining; land claims or other demands by local people; social consultation and other permitting requirements; large mining activity, including exploration; artisanal and illegal mining operations; labour; transportation; water use; imports and exports; and, mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in 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.

**Management's Discussion and Analysis
For the Period from Incorporation on March 16, 2018 to
December 31, 2018**

April 17, 2019

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- *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.