LUMINA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2018

TSX-V: LUM

www.luminagold.com

LUMINAGOLD

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For the Three Months Ended March 31, 2018 **May 25, 2018**

INTRODUCTION

Lumina Gold Corp. ("Lumina" or the "Company") is a resource exploration company with a focus on the exploration and development of mining projects in Ecuador. The Company wholly owns the Cangrejos Project, located in the foothills of the Andes in southwest Ecuador and also holds certain areas collectively known as the Condor Project, located in the Province of Zamora-Chinchipe in southern Ecuador. The majority of concession areas that comprise the Condor Project are held by Condormining Corporation S.A. which is 90% owned by the Company. The other 10% is owned by the Instituto de Seguridad Social de las Fuerzas Armadas, which is a pension fund for Ecuador's armed forces personnel. In addition, the Company holds a further 29 mineral concession licenses totaling 118,934 hectares, which were granted pursuant to an auction process in Ecuador. In total, the Company's mineral concessions cover 135,408 hectares.

Lumina's head office is in Vancouver, Canada. The Company was incorporated on March 22, 1988. On November 1, 2016, the Company changed its name from Odin Mining and Exploration Ltd. to Lumina Gold Corp. The Company's common shares are listed on the TSX Venture Exchange under the symbol "LUM".

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Lumina and its subsidiaries during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the three months ended March 31, 2018 and 2017, and, consequently, should be read in conjunction with the aforementioned financial statements and notes thereto. This MD&A should also be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2017.

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.luminagold.com.

The Company reports its financial information in United States dollars and all monetary amounts set forth herein are expressed in U.S. dollars unless specifically stated otherwise. The Company's unaudited condensed consolidated interim financial statements for the periods ended March 31, 2018 and 2017 were prepared in accordance with IAS 34 *Interim Financial Reporting*.

Leo Hathaway, P.G., is a qualified person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and has reviewed and approved for inclusion the scientific and technical disclosure in this MD&A. Mr. Hathaway is a Senior Vice President 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;
- Lumina's acquisition of concessions and projects, and the regulatory reporting and amount of spending required to maintain the concessions in good-standing;
- future exploration and development work and expenditures on the Company's projects;
- Company plans to continue or initiate exploration and drilling programs, and possible related discoveries or extensions of new mineralization or increases or upgrades to reported mineral resource estimates at the Cangrejos Project, the Condor Project and other projects;
- the Company's plans to complete a Preliminary Economic Assessment on the Cangrejos Project including the timing related to finalize the Preliminary Economic Assessment and the items required to support the Preliminary Economic Assessment;
- the Company's plans to renounce certain non-core concession areas;
- the upgrading of Inferred Mineral Resources to Indicated or Measured Mineral Resources;
- proposed joint venture / earn-in arrangements with third parties on the Company's concessions;
- prospects for identifying and/or acquiring additional mining concessions or projects, within or outside of Ecuador, with realistic discovery potential that could add value to the Company;
- permitting and regulatory requirements related to any exploration and development and related operations, as well as any associated costs;
- 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, and the use of financing proceeds;
- that the Company will monitor market and political conditions (both globally and in Ecuador) and the Government of Ecuador's concession tender process;

- Company efforts to continue to evaluate, and bid on, additional exploration project opportunities in Ecuador and elsewhere;
- that the Company will look for strategic partners for highly prospective copper and molybdenum deposits found on its new concessions, as well as finalize agreements announced in non-binding letters of intent with First Quantum Minerals Ltd. and Anglo American plc;
- the Company's ability to continue as a going concern;
- the impact of future accounting standards on the Company;
- the risks and uncertainties around the Company's business;
- the Company's expectation of sustained improvement in copper and gold markets;
- the validity of the Government of Ecuador's mineral concession auction process and the rights granted thereby;
- that the Government of Ecuador will build on the foundation laid by the prior administration and maintain the national policy of making Ecuador an attractive destination for long-term mining investment;
- 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 Lumina; and,
- the mining assets and properties acquired by the Company being 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 inaccurate geological and engineering assumptions (including with respect to the tonnage, grade and recoverability of reserves and resources)
- risks relating to all the Company's mineral concessions and projects being located in Ecuador, including political, social, economic, security and regulatory instability;
- risks relating to changes in Ecuador's national, provincial and local political leadership, including impacts these may have on general and mining specific public policies, administrative agencies and social stability;
- risks relating to local political and social unrest, including opposition to mining, pressure for economic benefits such as employment or social investment programs, access to land for agricultural or artisanal or illegal mining purposes, or other demands;
- risks relating to the social, environmental and geological conditions in areas in proximity to the concessions underdevelopment;
- risks relating to Lumina's rights or activities being impacted by litigation;
- risks relating to Lumina's ability to access concession surface areas and other properties needed to advance its exploration and development programs;
- risks relating to Lumina's operations being subject to environmental requirements, including remediation;
- risks relating to Lumina'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 Lumina, 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, including 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 Lumina'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 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;
- 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 three months ended March 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 three months ended March 31, 2018.

Cangrejos Project

Lumina holds the Cangrejos Project, which is located in the foothills of the Andes in the southwest of Ecuador. The project lies 30 kilometres ("km") southeast of Machala, the capital of El Oro Province, and 150 km south of Guayaquil, Ecuador's largest city. The project is approximately 40 km from the port of Puerto Bolivar (located near Machala). The Cangrejos Project has potential for the discovery of both high-tonnage, low-grade, gold-copper mineralization in a porphyry environment and of lower-tonnage, higher-grade, gold / copper mineralization in structurally focused settings above and peripheral to the porphyry mineralization.

The Cangrejos Project consists of five consolidated mineral concessions covering a total area of 5,594 hectares and the neighbouring Cangrejos 20 concession which comprises an additional 780 hectares located in the central area of the Cangrejos Project. Within the area of the concessions, Lumina currently owns or controls about 960 hectares of land / surface rights (including approximately 360 hectares granted by way of easement on Cangrejos 20) over various important locations with respect to the known and potential targets.

In September 2017, the Company submitted an environmental impact study ("EIS") application to the Ministry of Environment ("MAE"), which must be approved before advanced exploration activity, including drilling, can commence at Cangrejos 20. On March 28, 2018, the MAE accepted the Company's proposal to hold a non-binding community social participation meeting to inform local communities about exploration plans on the concession, which is an important step in the EIS process. The public participation process occurred over a period of two weeks commencing April 5, 2018 and included a public assembly on April 12, 2018 where the Company's environmental consultants presented the EIS and attendees had the opportunity to express comments and concerns. A required report on the process was submitted to the MAE on May 17, 2018. The Company continues to work with the MAE to obtain the necessary approvals.

During the first quarter of 2018, and to date, the Company has continued work in various areas which will ultimately be used to support a Preliminary Economic Assessment ("PEA") on the Cangrejos Project, expected to be completed by the end of Q2 2018. Highlights of this effort include advancement of a metallurgical test program, a project siting / infrastructure study, collection of geotechnical data to assist in pit slope design and preliminary mine planning and scheduling work. Scoping level engineering and design work indicates that a two-phase mine plan, with an initial throughput processing rate of 40,000 tonnes per day, followed by an expansion to 80,000 tonnes per day will be optimal. This approach should minimize initial upfront capital and maximize the overall project economics. Additional engineering work underway as part of this effort includes process plant flowsheet development and trade-off studies to finalize design, waste rock and tailings storage options and design, environmental characterization, social context analysis and management plan development, and overall project infrastructure design (access roads, power, etc.). Next steps for the PEA include finalizing project design, engineering, execution and management plans as well as development of project capital and operating costs, and development of a project economic model.

On January 15, 2018, the Company announced the results of the second round of metallurgical testing, which demonstrated that the mineralized material can be processed by conventional industrial techniques. Flotation combined with gravity concentration can be used to recover 83% of the gold and 87% of the copper into saleable concentrates. These results demonstrate a 4% improvement in the copper recoveries and similar gold recoveries when compared with the 2015 metallurgical testing. They also demonstrate that cyanidation of the gravity concentrates and flotation cleaner scavenger tails, which was the preferred recovery method result from the 2015 testing, is not required in the flow sheet. Alternatively, whole-ore cyanidation can be used to process the mineralized materials to recover 90% of the gold in dore, but no copper is recovered.

The test work was performed at C.H. Plenge & CIA S.A. ("Plenge"), an independent metallurgical testing laboratory based in Lima, Peru and conducted on four individual composites and a master composite. The composites were prepared using 870 kilograms of quartered drill core collected during the 2017 drilling campaign from eight different drill holes and represented high grade and low grade mineralized materials from the Cangrejos Project.

The master composite contained 0.25% copper, 0.96 grams per tonne gold, 0.6 grams per tonne silver and 20 parts per million molybdenum. Gravity concentration tests, followed by lock-cycle flotation tests on gravity tails, were performed. The gravity concentrate contained 39% of the gold and 12% of the silver. The gravity concentrate assay was 143 grams/tonne gold and 31 grams/tonne silver. The flotation concentrate contained 44% of the gold, 87% of the copper and 67% of the molybdenum. The flotation concentrate assay was 43 grams/tonne gold, 21% copper and 0.2% molybdenum. When the molybdenum content is high enough the production of a separate molybdenum concentrate may be warranted. Comminution tests indicate that the materials have average Bond Ball Mill work index and SAG Mill specific pinion energy values of 17.7 kWh/mt.

Lumina resumed drilling at Cangrejos on February 20, 2018, and as of May 23, 2018, has drilled twelve holes for 4,002 metres, including two metallurgical holes of 262 metres, from which whole core samples were sent to Plenge for further confirmatory crushing and grinding testwork related to milling circuit sizing, design and power requirement for final PEA flowsheet and plant design. The drilling program is ongoing as of the date of this MD&A.

Condor Project

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

Within the overall Condor Project, the Chinapintza and Los Cuyes deposits are hosted in a subvolcanic system consisting primarily of epithermal high-grade gold veins and breccia. South and southwest of this system respectively are the Santa Barbara gold and copper porphyry disseminated deposit and the El Hito copper and molybdenum deposit. In addition to these four deposits, there are several exploration targets within the Condor Project consisting of gold and iron rich skarns, epithermal gold and other undeveloped and under-explored gold rich anomalies.

The Condor Project is located within the Zamora-Chinchipe Province in southwestern Ecuador. The region is serviced by air from the city of Loja which is a three-hour drive from the Condor Project. Access is by paved highways via the provincial capital of Zamora and then 50 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.

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

On May 14, 2018, the Company 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**
Inferred									
Santa Barbara	119.0	0.69	0.52	0.9	0.10	2.6	2.0	3.5	255
Soledad	2.8	0.59	0.54	3.1	0.01	0.05	0.05	0.3	1
Los Cuyes	22.7	0.73	0.65	5.7	0.01	0.5	0.5	4.1	4
Enma	0.03	1.26	1.12	10.4	0.01	0.001	0.001	0.01	0.01
Total Inferred	**144.5**	**0.69**	**0.54**	**1.7**	**0.08**	**3.2**	**2.5**	**7.9**	**260**

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

Further details on the updated mineral resource can be found in the Company's news release of May 14, 2018, entitled "Lumina Gold Announces Updated Condor Mineral Resource Estimate."

Developments in Ecuador, Additional Concessions Acquired and Proposed Earn-ins with First Quantum Minerals Ltd. ("First Quantum") and Anglo American plc ("Anglo American")

Over the past two 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; and (iv) negotiation and signing of various agreements in order to allow for the development of the Fruta del Norte and Rio Blanco projects. The agreements signed include an exploitation agreement and an investment protection agreement, instruments intended to provide greater certainty to mining operations in Ecuador. President Lenin Moreno has stated that his administration will continue policies intended to attract investment into, and promote the development of, Ecuador's mining industry.

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

The Company has been granted the following areas:

Concession Name	Area (Ha)	General Location
Cangrejos 20	780	Located adjacent to the Company's Cangrejos Project.
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.
Yawi	1,494	Located on trend with the Condor Project.
TOTAL	**121,546**	

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

[(2)] The Escondida and Santa Elena concessions are considered part of the Condor Project for purposes of reporting from January 1, 2018.

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

The Company has commenced initial exploration work, consisting primarily of stream sediment, soil and rock sampling and geochemical analysis, detailed geologic mapping and outcrop mapping and sampling on the new concessions with a view to defining prospective mineralized areas of concessions and advancing projects of merit or limiting the amount of time and funds spent on areas that are deemed not to hold sufficient upside potential. Certain of the acquired concessions in Zamora Chinchipe Province have legacy work and databases from which the Company is generating work plans for follow up efforts regarding soil and rock geochemical sampling and detailed geologic mapping aiming to better define possible drill targets. While still in evaluation, the Company has completed significant geochemical sampling as it continues to evaluate the merits of these new concessions. Quality ranking is ongoing and their suitability for further work remains under discussion by management. The Company has determined that five concession areas (Palma Real 1 – 4 and Yawi) are only of minimal potential and, accordingly, has commenced the process to renounce them.

On May 16, 2018, the Company issued a news release titled "Lumina Gold Announces Initial Tarqui Exploration Results." This release detailed the results of initial prospecting on the Tarqui concessions, where porphyry copper mineralization has been discovered from surface outcrops. The Tarqui 1&2 concessions are strategically located in the Zamora Copper-Gold Metallogenic Belt in southeast Ecuador. A new asphalt road cuts across the eastern part of both Tarqui concessions, which are located approximately 15 kilometres from the town of Gualaquiza. For further details, refer to the Company's release of May 16, 2018.

First Quantum Earn-In

On October 26, 2017, the Company announced that it had entered into a non-binding letter of intent for an earn-in agreement with First Quantum on its Orquideas and Cascas concessions (the "Properties"). The proposed earn-in agreement is based on a minimum commitment of $1.5 million in year one and would allow First Quantum to earn 51% ownership in the Properties if they elect to continue funding and make payments totalling an additional $37 million over a 5-year period for a total of $38.5 million. First Quantum and the Company are working to formalize and execute a binding agreement as soon as possible.

Under the proposed earn-in agreement, First Quantum would commit 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 year one, it would have the right to earn 51% ownership in the Properties ("First Earn-in") by meeting the required spending commitments over the five-year period and making certain cash payments to Lumina. Spending commitments and estimated concession license fees over the First Earn-in total $31.5 million. Lumina would receive $100,000 upon the signing of a binding agreement. In addition, cash payments of $6.9 million would be received over the duration of the First Earn-in period. First Quantum would have 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 would also have the right to earn an additional 19% ownership in the Properties ("Second Earn-in") by solely funding all the required work up to a decision to mine, taking First Quantum's ownership in the Properties to 70%. Post the completion of the Second Earn-in, Lumina would be responsible for funding its 30% share of any capital required to develop and construct a mine at the Properties. Lumina and First Quantum remain in discussion as the final form of agreement is being negotiated.

Anglo American Earn-In and Joint Venture

On March 26, 2018, the Company announced that it had entered into a non-binding letter of intent (the "LOI") for an earn-in and joint venture agreement with a subsidiary of Anglo American on its Pegasus concessions, including the Luz concession, ("Pegasus"). Under the LOI, Anglo American would have the right to earn a 60% ownership interest in Pegasus if it invests an aggregate amount of $50 million and makes $7.3 million of cash payments to Lumina over a seven-year period. Lumina has agreed to work exclusively with Anglo American to negotiate and complete a binding agreement (the "JV Agreement") over a five-month period.

The LOI envisages a three stage earn-in by Anglo American where it will have the right to: (i) a 25% interest on completion of cumulative $10 million of exploration expenditures before the 4th anniversary of the JV Agreement and $2.4 million of cash payments to Lumina (including $1.3 million payable upon signing the JV Agreement) before the 3rd anniversary of the signing of the JV Agreement; (ii) an aggregate 51% interest on completion of cumulative $35 million of exploration expenditures before the 6th anniversary of the JV Agreement and $4.8 million of cumulative cash payments to Lumina before the 5th anniversary of the signing of the JV Agreement; and (iii) an aggregate 60% interest on completion of cumulative $50 million of exploration expenditures before the 7th anniversary of the JV Agreement and $7.3 million of cumulative cash payments to Lumina before the 6th anniversary of the signing of the JV Agreement.

Under the LOI, Anglo American will have the right to assume management of the joint venture company and Pegasus following signing of the JV Agreement and will have the right, in certain circumstances, to accelerate the exploration program such that it may complete all the expenditure commitments and any outstanding cash payments to Lumina in a period shorter than the earn-in term.

Anglo American will have the right to earn an additional 10% ownership in Pegasus ("Fourth Pegasus Earn-in") by solely funding all the required work up to a decision to construct a mine at Pegasus, taking Anglo American's aggregate ownership in Pegasus to 70%. Post the completion of the Fourth Pegasus Earn-in, Lumina would be responsible for funding its 30% pro rata share of any capital required to develop and construct a mine at Pegasus (or a 40% pro rata share, if Anglo American does not exercise the Fourth Pegasus Earn-in).

Entering into the JV Agreement and completing the transactions described above are subject to customary conditions for a transaction of this nature, including Anglo American being satisfied with its due diligence of Pegasus within three months of the date of the LOI, the JV Agreement being approved by Lumina's board of directors, and receipt of all necessary governmental and regulatory approvals.

Financing Activity

On November 29, 2017, the Company completed a brokered private placement of 32,258,064 common shares at a price of CAD$0.62 per common share, for aggregate gross proceeds of approximately CAD$20,000,000 ($15,560,569). The proceeds of the private placement are to be used to explore and advance the Company's projects in Ecuador and for general corporate purposes. The Company incurred $803,501 in share issue costs which included finder's fees of up to 6% of the proceeds from certain subscribers.

OUTLOOK

The Government of Ecuador continues to espouse its commitment to consolidating Ecuador as an attractive mining jurisdiction that competes for significant foreign investment. The recently appointed Acting Minister of Mines Rebecca Illescas has maintained the policies of her predecessor while taking steps the ministry claims are necessary to consolidate the sector, including a temporary suspension of the mining auction process to review the mining cadastre and rectify a large number of concessions, totaling about 2.5 million hectares, that were not in good legal standing. In March 2018 Ecuador again was a major sponsor of the annual PDAC convention in Toronto, where government officials were vocal in communicating continued national support for mining. In Toronto and subsequently in Ecuador, Acting Minister Illescas publicly committed to pushing for the elimination of the mining windfall tax and to continue to work to improve the mining legal and tax framework in order to attract responsible investment for the benefit of the country and local communities.

The formal elimination of the windfall tax has become a pressing issue for the government following the national public consultation vote on February 4, 2018 (the "Public Consultation"). This popular referendum put seven questions to a popular vote, including the derogation of the Organic Law to Prevent Speculation on the Value of Land and Speculation of Taxes implemented under the government of President Correa. While the primary objective of the government with this law had been to target land speculation, its text also included language that effectively served to nullify the effects of the windfall tax. As a result, the Ministry of Mines has determined that the windfall tax, in spite of other norms that restrict its application and limit its impacts, should be cancelled. Therefore, a measure to this effect has been proposed for inclusion in an urgent economic reform package that the government will be proposing to stimulate investment. The Public Consultation also approved a norm to prohibit metallic mining in all its stages, in protected areas, intangible zones and urban centres, which the Company anticipates will not have a significant impact on any of the mineral areas of its concessions.

On April 2, 2018, President Moreno presented a 14-point program focused on addressing 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, including a merger of the ministries of energy, mines and hydrocarbons into a Ministry of Energy and Non-Renewable Resources.

The Company is also 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 build on the foundation laid by the prior administration and will continue working to transform Ecuador into a destination for long-term mining investment. That being said, President Moreno´s approach 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 ought to secure more solid long-term social and political approval for the sector. As part of this process, the government 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.

The Company's acquisition of EGX, participation in the government concession auction process, and stepped up investment across its project portfolio were a direct response to the improving support for mining in Ecuador, as well as management's view that these assets are attractive investment opportunities. The Company also recognizes that the gold and copper sectors have stabilized and is optimistic that recent geopolitical developments will continue to drive a sustained improvement in both markets. The Company monitors market and political conditions (both globally and in Ecuador), while it continues to evaluate additional exploration project opportunities in Ecuador and elsewhere. The Company also intends to continue to monitor the Government of Ecuador's concession tender process and will bid on further prospective targets should they become available after the tender process is resumed, which Ministry of Mines officials have stated should occur in coming months.

The Company's strategy going forward focuses on development of the Cangrejos Project, advancing exploration on Condor and the First Quantum and Anglo American earn-in and joint venture projects, and continuing its rigorous evaluation of the remaining newly acquired concessions to ensure that resources are focused on advancing projects with greatest merit, such as Tarqui. As discussed earlier in this MD&A, the Company continues to drill at Cangrejos, with 10,926 metres drilled since March 2017, not including holes for metallurgical test work. Post the completion of a PEA, the Company will assess the additional drilling requirements to upgrade the mineral resource to the Measured or Indicated categories for inclusion in a potential Pre-Feasibility Study. In addition, the Company has completed an updated mineral resource estimate and completed metallurgical, geotechnical, mining planning, facility siting and infrastructure, social and environmental studies and project related engineering studies for project design in support of completing a PEA in the second quarter of 2018; the PEA is well advanced and remains on schedule to the date of this MD&A.

At the Condor Project, a soil, rock chip and channel sampling program focusing on the Santa Barbara deposit, where mineral resources have been defined, and at other prospective but less advanced deposits (Prometedor, Silica Cap, etc.), has recently been completed. The results of this program are being evaluated and are being combined with previous drilling, geological and geophysical data to identify additional potential drilling targets. Exploration drilling and completion of the 29 kilometre Induced Polarization geophysics program has confirmed potential targets for resource extensions at Santa Barbara. In addition to targets at Santa Barbara, Lumina has identified a large, four by two kilometre surface gold anomaly at the Prometedor prospect and an extension to the Los Cuyes deposit defined by a 200 metre by 200 metre surface gold anomaly that remains open. The Santa Barbara, Los Cuyes extensions, Prometedor drill targets and others, continue to be advanced to drill stage. When ready, a drill will be mobilized to site to begin testing the targets in order of priority.

On the newly obtained concessions, Lumina has commenced and 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 to identify drill targets at Orquideas and elsewhere. For further prospective copper and molybdenum deposits found on the new concessions, the Company will continue to look for strategic partners such as in the case of First Quantum and Anglo American. The Company also plans to initiate further exploration, project engineering and development studies for its different assets on a case by case basis.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2018 and 2017 along with other public disclosure documents of the Company.

For the three months ended March 31, 2018, the Company reported a net loss of $5,265,121 compared to $2,949,214 for the three months ended March 31, 2017. The overall increase in expenditures arose primarily due to (i) increased annual concession and easement fees, (ii) drilling and related exploration work at the Cangrejos, Condor and other project areas, including work for the PEA on Cangrejos and (iii) increased personnel.

Exploration and Evaluation Assets (Mineral Properties)

The Company capitalizes costs incurred acquiring exploration and evaluation assets (mineral projects) and any required licenses related thereto with a term of more than one year. At March 31, 2018, the carrying value of the exploration and evaluation asset related to the Cangrejos Project was $1,701,100 (December 31, 2017 - $1,701,100) while the carrying value of the Condor Project was $47,487,910 (December 31, 2017 - $47,487,910).

Exploration and evaluation ("E&E") expenditures are expensed to profit and loss as incurred. These are discussed below and are disclosed in Note 5(b) of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018.

Expenses

Exploration and evaluation expenditures

Total E&E expenses for the three months ended March 31, 2018 were $4,460,047 compared to $2,277,854 for the three months ended March 31, 2017. Further details on specific projects and concession areas within the Company's portfolio of projects are noted below.

Cangrejos Project

The Company's E&E expenditures on the Cangrejos Project were as follows for the three months ended March 31, 2018 and 2017:

	Three months ended March 31, 2018	Three months ended March 31, 2017	Increased (decreased) Expenditure
Mineral rights	$ 65,559	$ 51,389	$ 14,170
Legal fees	32,709	50,178	(17,469)
Assays / Sampling	10,795	2,272	8,523
Camp	109,354	34,177	75,177
Camp access and improvements	15,039	3,396	11,643
Drilling	293,051	-	293,051
Engineering	97,446	-	97,446
Environmental, Health & Safety	53,470	6,311	47,159
Field office	101,695	46,256	55,439
Geological consulting	160,357	50,741	109,616
Geological and field staff	119,967	112,644	7,323
Metallurgical	64,855	-	64,855
Project management	262,112	44,700	217,412
Reports	26,751	7,010	19,741
Social and community	64,025	10,104	53,921
Share-based payment	23,978	26,937	(2,959)
Transportation and accommodation	94,693	35,990	58,703
	$ 1,595,856	$ 482,105	$ 1,113,751

E&E expenditures on the Cangrejos Project include non-cash expenses for share-based payment expense relating to the vesting of stock options granted under the Company's stock option plan of $23,978 for the three months ended March 31, 2018 compared to $26,937 for the three months ended March 31, 2017. Excluding share-based payment expense, the overall increase in E&E expenditures for the three months ended March 31, 2018 compared to the equivalent period in 2017 is $1,116,710. The increase in expenditures reflects the Company's overall level of activity at Cangrejos, in particular with regard to work being performed to support the ongoing PEA study. Expenditures increased most significantly in the following areas:

i. Drilling costs in the three months ended March 31, 2018 were $293,051 compared to $nil in the 2017 period when no drilling activity took place;
ii. Project management, engineering, geological consulting and metallurgical costs all increased in the three months ended March 31, 2018 compared to the equivalent period in 2017 (for a total increase of $489,329) primarily as a result of the Company's PEA work and activity; and
iii. The increased levels of activity on the project resulted in additional staffing requirements and activity at the Cangrejos camp, including local and international travel to the camp. Accordingly, there were cost increases in all of these areas, as noted in the table above.

Condor Project

The Company's E&E expenditures on the Condor Project were as follows for the three months ended March 31, 2018 and 2017:

	Three months ended March 31, 2018	2017	Increased (decreased) Expenditure
Mineral rights	$ 83,561	$ 52,252	$ 31,309
Legal fees	6,247	21,091	(14,844)
Assays / Sampling	56,998	97	56,901
Camp	191,269	33,103	158,166
Camp access and improvements	41,845	-	41,845
Drilling	98,249	3,083	95,166
Environmental, Health & Safety	35,808	-	35,808
Field office	88,093	167,042	(78,949)
Geological consulting	166,576	27,367	139,209
Geological and field staff	60,137	58,053	2,084
Project management	67,905	29,700	38,205
Social and community	59,291	18,241	41,050
Share-based payment	23,978	16,344	7,634
Transportation and accommodation	113,297	32,890	80,407
	$ 1,093,254	$ 459,263	$ 633,991

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. In addition, and as described earlier in this MD&A, the Company has performed geologic mapping and geophysics programs, rock and soil geochemical analyses and drilling which will be incorporated into future exploration plans and drilling programs on the Condor Project. The overall increase in costs for the three months ended March 31, 2018 compared to the 2017 equivalent period is due to the overall increased level of engagement at the Condor Project as the Company plans for future drilling and exploration programs.

Other Projects

The Company's E&E expenditures on the Pegasus, Cascas and Orquideas, and other projects were as follows for the three months ended March 31, 2018 and 2017:

Pegasus Project	Three months ended March 31, 2018	2017	Increased (decreased) Expenditure
Mineral rights	$ 652,195	$ 639,227	$ 12,968
Legal fees	9,627	25,853	(16,226)
Assays / Sampling	11,402	2,996	8,406
Camp	6,763	26,569	(19,806)
Environmental, Health & Safety	372	123	249
Field office	23,629	24,578	(949)
Geological consulting	6,772	-	6,772
Geological and field staff	113,337	57,396	55,941
Project management	16,223	23,027	(6,804)
Social and community	-	7,769	(7,769)
Transportation and accommodation	13,759	7,447	6,312
	$ 854,079	$ 814,985	$ 39,094

The most significant expense item for the Pegasus Project related to mineral concession fees which were paid in March 2018. The Company has also performed geologic reconnaissance and mapping, soil, stream and rock sampling and analysis in 2018 as part of its initial exploration program, mainly utilizing in-house staffing.

Cascas / Orquideas Projects	Three months ended March 31, 2018		2017		Increased Expenditure	
Mineral rights	$	144,117	$	140,802	$	3,315
Legal fees		15,119		2,653		12,466
Assays / Sampling		10,602		3,644		6,958
Camp		59,755		3,175		56,580
Environmental, Health & Safety		29,202		-		29,202
Field office		24,747		5,380		19,367
Geological consulting		1,209		-		1,209
Geological and field staff		27,723		11,432		16,291
Project management		11,781		2,337		9,444
Reports		6,282		-		6,282
Social and community		12,861		756		12,105
Transportation and accommodation		42,515		5,408		37,107
	$	385,913	$	175,587	$	210,326

The main focus during the three months ended March 31, 2018 has been on the Orquideas concession area. Work performed has included geologic mapping and sampling, line-cutting and IP geophysical surveying as well as auger soil sampling along the geophysical lines.

Other Project Areas	Three months ended March 31, 2018		2017		Increased Expenditure	
Mineral rights	$	357,168	$	302,824	$	54,344
Legal fees		19,783		7,022		12,761
Assays / Sampling		15,978		77		15,901
Camp		8,382		6,895		1,487
Camp access and improvements		1,290		-		1,290
Environmental, Health & Safety		2,055		51		2,004
Field office		18,241		7,121		11,120
Geological consulting		1,172		-		1,172
Geological and field staff		69,712		14,326		55,386
Project management		15,028		4,336		10,692
Social and community		9,046		1,413		7,633
Transportation and accommodation		13,090		1,849		11,241
	$	530,945	$	345,914	$	185,031

The most significant expense items for the other projects held by the Company related to mineral concession fees. Work performed included geologic reconnaissance and mapping, soil, stream and rock sampling and analysis as part of the Company's initial exploration program, mainly using in-house staffing.

Other expenses

The Company's other expenses for the three months ended March 31, 2018 and 2017 were as follows:

	Three months ended March 31, 2018		2017		Increased (decreased) Expenditure	
Fees, salaries and other employee benefits	$	343,559	$	372,196	$	(28,637)
General and administration ("G&A")		185,636		98,150		87,486
Professional fees		155,502		216,700		(61,198)
Insurance		8,783		-		8,783
	$	693,480	$	687,046	$	6,434

Fees, salaries and other employee benefits for the three months ended March 31, 2018 include $151,245 of share-based payment expense (three months ended March 31, 2017 - $220,945). Excluding this non-cash expense, fees, salaries and other employee benefits for the three months ended March 31, 2018 were $192,314 compared to $151,251 for the three months ended March 31, 2017. The increase in fees, salaries and other employee benefits and G&A costs (as noted in the table above) arose due to the generally increased levels of activity as described earlier in this MD&A. Professional fees decreased by $61,198 for the three months ended March 31, 2018 compared to the 2017 equivalent period. Fees during the three months ended March 31, 2017 were higher than usual, primarily as a result of the integration of EGX.

Related Party Transactions

The Company incurred the following expenses with related parties:

Company	Nature of transactions		Three months ended March 31, 2018		2017
Miedzi Copper Corp.	E&E (geological)	$	21,049	$	9,349
Miedzi Copper Corp.	G&A		29,816		15,095
Miedzi Copper Corp.	Fees		76,596		50,703
Mozow Copper Sp. z o. o.	E&E (field office)		732		-
Hathaway Consulting Ltd.	Fees		38,261		35,026
Koval Management, Inc.	Fees		44,102		41,061
La Mar Consulting Inc.	E&E (social and community)		30,945		30,063
Lyle E Braaten Law Corp.	Fees		10,918		9,994
Proyectmin S.A.	E&E (field office)		3,173		42,251
Zen Capital & Mergers Ltd.	Fees		1,163		1,122
		$	256,755	$	234,664

Miedzi Copper Corp. is considered a company related by way of directors and shareholders in common. Mozow Copper Sp. z o. o. ("Mozow") is a wholly owned subsidiary of Miedzi Copper Corp. Hathaway Consulting Ltd, Koval Management, Inc., La Mar Consulting Inc., Lyle E Braaten Law Corp., Proyectmin S.A. and Zen Capital & Mergers Ltd. 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 March 31, 2018, the following amounts were included in accounts payable: (i) $59,404 owing to Miedzi; (ii) $1,221 owing to Zen Capital & Mergers Ltd.; and (iii) $732 owing to Mozow.

SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

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

Three Months Ended:		March 31, 2018		December 31, 2017		September 30, 2017		June 30, 2017
Revenue	$	-	$	-	$	-	$	-
Expenses		(5,153,527)		(4,426,990)		(3,091,991)		(3,118,634)
Other (expenses) income		(111,594)		127,791		32,512		27,101
Net loss for the period		(5,265,121)		(4,299,199)		(3,059,479)		(3,091,533)
Net loss for the period attributable to owners of the Company		(5,175,143)		(4,193,667)		(3,006,174)		(3,031,817)
Basic and diluted loss per share attributable to owners of the Company		(0.02)		(0.02)		(0.01)		(0.01)

Three Months Ended:		March 31, 2017		December 31, 2016		September 30, 2016		June 30, 2016
Revenue	$	-	$	-	$	-	$	-
Expenses		(2,964,900)		(1,829,056)		(750,693)		(819,183)
Other income (expenses)		15,686		(33,776)		19,174		947
Net loss for the period		(2,949,214)		(1,862,832)		(731,519)		(818,236)
Net loss for the period attributable to owners of the Company		(2,915,529)		(1,846,563)		(731,519)		(818,236)
Basic and diluted loss per share attributable to owners of the Company		(0.01)		(0.01)		(0.01)		(0.01)

The Company's expenses increased throughout 2016 as a result of the acquisition of EGX and the related due diligence and legal costs associated thereto. The four quarters in 2017 saw further increases in expenses as the Company made payments to the Government of Ecuador for annual concession fees and recommenced active exploration programs, including drilling on Cangrejos and Condor. Expenses in the three months ended December 31, 2017 were higher than the prior periods primarily as a result of annual bonus payments to staff and also the grant of stock options and related share-based payment expense. Activity levels continued to increase during the three months ended March 31, 2018, primarily as a result of the PEA work on the Cangrejos Project and also the payment of annual mineral concession fees in Ecuador for the 2018 fiscal year.

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 5 of the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018 and 2017.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2018, the Company had cash of $9,747,726 compared to cash of $14,692,983 at December 31, 2017. The Company's working capital at March 31, 2018 was $8,518,864 compared to $13,689,881 at December 31, 2017. The Company's cash and current assets at March 31, 2018, were sufficient to meet the Company's current accounts payable, accrued liabilities and commitments.

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

At March 31, 2018, the majority of the Company's cash and cash equivalents were held at Scotiabank, a major chartered bank in Canada, and approximately $909,000 was held at two banks in Ecuador. Management is not aware of any liquidity issues associated with any of the banks in which funds have been deposited.

The Company had no long-term debt obligations or off-balance sheet arrangements at March 31, 2018.

As noted earlier in this MD&A, the Company has increased exploration expenditures in Ecuador. 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 16 of the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2018.

For 2018, the Company has the following spending commitments on its projects, which are either mandated by laws in Ecuador or committed to by the Company via submission of reports to the Government of Ecuador:

(i) $878,639 on the Cangrejos Project (excluding Cangrejos 20, which is discussed in more detail earlier in this MD&A and included in item (iii) below);
(ii) $351,037 on the Condor Project; and
(iii) $619,195 relating to mandated $5 per hectare spending on new concessions awarded through the auction process as discussed in the section "Developments in Ecuador, Additional Concessions Acquired and Proposed Earn-ins with First Quantum and Anglo American" earlier in this MD&A.

As disclosed in Note 5(b) to the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018, the Company has incurred approximately $4.4 million (excluding share-based payment expense) of expenditures on its projects during the three months ended March 31, 2018. The majority of these expenses will count towards the committed spending requirement outlined above.

While the Company's current working capital is sufficient to meet these commitments, any further expansion of plans will require additional funding.

For the mineral concessions that were received via tender process, the Company has four years from the concession registration date to satisfy the full amount that was committed in the tender process or the concession will be forfeited. These amounts are in excess of the government mandated minimum spend per hectare. An annual report is sent to ARCOM noting the amount of expenditures incurred on each concession which reduces the remaining total commitment amount. The total four-year commitment, amounts reported to ARCOM, and remaining total commitment, for each concession obtained and held at March 31, 2018, and assuming all concessions are retained, is as follows:

Concession Name	Total Four-year Spending Commitment	Cumulative Amounts Reported to ARCOM	Remaining Four-year Commitment[1]
Cangrejos 20	$ 9,170,419	$ 3,512,959	$ 5,657,460
Cascas (2 concessions)	2,338,430	106,559	2,231,871
Escondida	977,140	27,272	949,868
La Canela	2,052,253	67,618	1,984,635
Orquideas	6,058,333	370,647	5,687,686
Palma Real (4 concessions)	1,460,025	385,931	1,074,094
Pegasus A / Pegasus B / Luz (15 concessions)	4,656,235	1,393,448	3,262,787
Quimi (2 concessions)	2,035,300	47,777	1,987,523
Santa Elena	1,530,025	64,903	1,465,122
Tarqui (2 concessions)	1,210,355	64,264	1,146,091
Tres Picachos	2,050,248	120,701	1,929,547
Yawi	979,740	27,541	952,199
TOTAL	**$ 34,518,503**	**$ 6,189,620**	**$ 28,328,883**

(1) The current expenditures of $4.4 million for the three months ended March 31, 2018 will, for the majority of items, count towards this total commitment but have not been shown as a reduction in the table above.

To date, the capital requirements of the Company have been met by equity or loan proceeds. As noted in Note 2(b) to the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2018, the Company has incurred cumulative losses of $44,668,965. The Company's long-term ability to continue as a going concern is dependent upon successfully obtaining additional financing. As described earlier in this MD&A in the section "Financing Activity," the Company closed a private placement for gross proceeds of approximately CAD$20 million in November 2017. The ability to raise additional financing, for future activities beyond those contemplated by the aforementioned financing activity 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 March 31, 2018, the Company's financial instruments consist of cash, receivables, environmental deposits and accounts payable and accrued liabilities. Fair value estimates are made at the balance sheet date based on generally accepted pricing models based on 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 deposits: amortized cost.
- Accounts payable and accrued liabilities: amortized cost.

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

Credit Risk

It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments, as disclosed in Note 13(a) to the unaudited condensed consolidated interim financial statements for the three months ended March 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 March 31, 2018, the Company's current liabilities consisted of accounts payable and accrued liabilities of $1,468,816 which are due primarily within the next quarter. The Company's cash of $9,747,726 at March 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 three months ended March 31, 2018 is interest income earned on the Company's cash. Based on the Company's cash at March 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 $97,000 (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 has historically raised funds from equity financings primarily in U.S. dollars or in Canadian dollars of which the vast majority of the cash is converted to U.S. dollars upon conclusion of the financing. Canadian G&A expenses are primarily paid in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign exchange and currency risks.

At March 31, 2018, the Company's cash was primarily held in U.S. dollars as disclosed in Note 3 of the unaudited condensed consolidated interim financial statements for the three months ended March 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 an impact of approximately $39,000 to the results of operations based upon the foreign currency financial instruments (including cash) held at March 31, 2018.

SHARE CAPITAL

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

Common shares:	264,067,893	
Common share purchase options:	11,114,609	exercisable between CAD$0.315 - CAD$0.96 per option.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

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

The accounting policy estimates and judgments described below are considered by management to be essential to the understanding and reasoning used in the preparation of the Company's consolidated financial statements and the uncertainties that could have a bearing on its financial results. Further details, and a description of certain other areas of estimation and judgment, can be found at Note 2(d) in the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018.

Going concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. As disclosed in Note 2(b) of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018, the Company has incurred cumulative losses of $44,668,965. The ability of the Company to continue as a going concern is dependent upon successfully obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests or a combination thereof. Factors that the Company evaluates include forecasts, the ability to reduce expenditures if required, and indications of shareholder support.

Exploration and evaluation assets

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

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 9 – Financial Instruments

The IASB published the final version of IFRS 9 in July 2014. The final standard brings together the classification, measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a loss impairment model, amends the classification and measurement model for financial assets and provides additional guidance on how to apply the business model and contractual characteristics test. This final version of IFRS 9 supersedes all previous versions of IFRS 9 and is effective for annual periods commencing on or after January 1, 2018, with early adoption permitted. The Company adopted the new standard on January 1, 2018 and has provided additional details concerning the accounting policy and impact on the financial statements in Note 2(c) to the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018.

IFRS 16 – Leases

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

RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Several of the Company's concessions are located close to communities with long-standing artisanal, often illegal, mining traditions. Limited economic opportunities in these areas contribute to making gold mining an attractive field of work for local individuals and small associations and companies, who at times view properties belonging to the Company as particularly attractive targets for alluvial or hard rock mining. In some cases, the local operators (occasionally financed by outsiders), having exhausted development opportunities at their current location may seek to expand or relocate their activities into areas controlled by the Company. Local and national political and regulatory authorities may come under pressure to support or not impede the ambitions of these local actors. The Company monitors local mining activities and is in regular contact with regulatory and political authorities to anticipate and manage issues as they arise, however not every incursion can be readily identified. Nonetheless, there is a risk that in the future, due to political or social factors, regulators may make decisions to grant access to artisanal miners that impact the viability of the Company's projects.

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

In the ordinary course of business, the Company is required to obtain new governmental permits as well as renew permits for exploration and development activities and any ultimate development, construction and commencement of new mining operations. Obtaining or renewing necessary permits can be a complex and time-consuming process, which at times may involve several political jurisdictions and different government agencies, which may not have the necessary expertise, resources or political disposition needed for efficient and timely processing, and may require public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by permitting authorities and timeframes for agency decisions. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could slow exploration and/or development or impede the eventual operation of a mine, and could adversely impact the Company's operations and profitability.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in mining or investment policies or shifts in political attitudes in Ecuador, its provinces, or local political jurisdictions, may adversely affect the Company's operations or potential profitability. Operations may be affected in varying degrees by modifications to government legislation and regulations with respect to, but not limited to: restrictions on production; price controls; export controls; currency remittances; taxes, including income taxes, property taxes, value added taxes, capital gains taxes, windfall taxes, and the sovereign adjustment tax; royalties; expropriation of property; foreign investment; maintenance of claims; the environment; land use; land claims or other demands by local people; social consultation and other permitting requirements; artisanal and illegal mining operations; labour; transportation; water use; and, mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

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

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

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

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

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

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

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

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

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