



LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)



CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

TSX-V: LUM



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Lumina Gold Corp.

We have audited the accompanying consolidated financial statements of Lumina Gold Corp. (formerly Odin Mining and Exploration Ltd.), which comprise the consolidated balance sheets as at December 31, 2016 and December 31, 2015, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Lumina Gold Corp. as at December 31, 2016 and December 31, 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2(c) in the consolidated financial statements, which describes that Lumina Gold Corp. has no current sources of revenues, has an accumulated deficit at December 31, 2016 and expects to incur further losses in the development of its business. These conditions, along with other matters as set forth in note 2(c), indicate the existence of a material uncertainty that may cast significant doubt about Lumina Gold Corp.'s ability to continue as a going concern.

KPMG LLP (Signed)

Chartered Professional Accountants

April 27, 2017

Vancouver, Canada

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)
CONSOLIDATED BALANCE SHEETS

(expressed in U.S. dollars)

	Note	December 31, 2016	December 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents	5	\$ 12,333,608	\$ 794,605
Receivables	6	158,137	5,476
Prepaid expenses		52,470	16,096
Total current assets		12,544,215	816,177
Non-current assets			
Environmental deposits		183,976	95,614
Property and equipment	7	1,220,585	470,934
Exploration and evaluation assets	4, 8(a)	49,189,010	1,701,100
Total assets		\$ 63,137,786	\$ 3,083,825
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 627,976	\$ 38,612
Total liabilities		627,976	38,612
EQUITY			
Share capital	10	80,441,112	23,302,481
Share-based payment reserve		3,628,481	2,189,115
Accumulated deficit		(26,346,635)	(22,446,383)
Equity attributable to owners of the Company		57,722,958	3,045,213
Non-controlling interest	9	4,786,852	-
Total equity		62,509,810	3,045,213
Total liabilities and equity		\$ 63,137,786	\$ 3,083,825

Going concern (Note 2(c))
 Commitments (Note 20)
 Post-reporting date events (Note 21)

APPROVED BY THE DIRECTORS

"Marshall Koval"

Director

"Donald Shumka"

Director

See Accompanying Notes to the Consolidated Financial Statements

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the years ended December 31, 2016 and 2015

(expressed in U.S. dollars)

	Note	Year ended December 31,	
		2016	2015
Expenses			
Exploration and evaluation ("E&E") expenditures	8(b)	\$ 1,648,392	\$ 1,814,998
Fees, salaries and other employee benefits	12, 18	1,211,552	1,105,092
General and administration ("G&A")	18	182,854	138,389
Pre exploration and evaluation expenditures	18	335,084	242,132
Professional fees		516,948	49,496
Insurance		19,845	13,792
		(3,914,675)	(3,363,899)
Other income (expenses)			
Interest income and other		54,159	59,222
Interest expense	18	(54,904)	-
Foreign exchange loss		(1,101)	(31,341)
		(1,846)	27,881
Net loss and comprehensive loss for the year		\$ (3,916,521)	\$ (3,336,018)
Loss attributable to:			
Owners of the Company		\$ (3,900,252)	\$ (3,336,018)
Non-controlling interest	9	(16,269)	-
		\$ (3,916,521)	\$ (3,336,018)
Loss per share attributable to owners of the Company – basic and diluted	13	\$ (0.03)	\$ (0.03)
Weighted average number of shares outstanding – basic and diluted	13	145,901,576	124,169,778

See Accompanying Notes to the Consolidated Financial Statements

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2016 and 2015

(expressed in U.S. dollars)

	Note	Year ended December 31,	
		2016	2015
Operating activities			
Loss for the year		\$ (3,916,521)	\$ (3,336,018)
Adjustment for non-cash items:			
Depreciation	7	19,103	9,539
Environmental deposit interest earned		(3,773)	(5,483)
Share-based payment	11(a)	836,727	918,463
Add: interest expense	18	54,904	-
Deduct: interest income		(369)	(3,427)
Net changes in non-cash working capital items:			
Receivables		(9,006)	7,388
Prepaid expenses		(26,685)	22,100
Accounts payable and accrued liabilities		(27,919)	(356,686)
Net cash utilized in operating activities		(3,073,539)	(2,744,124)
Investing activities			
Expenditures on exploration and evaluation asset		-	(1,241,100)
Acquisition costs	4	(424,748)	-
Cash acquired on acquisition of Ecuador Gold and Copper Corp. ("EGX")	4	377,010	-
Return of environmental deposit		69,614	-
Expenditures on property and equipment		(139,110)	(183,900)
Interest received		369	3,427
Net cash utilized in investing activities		(116,865)	(1,421,573)
Financing activities			
Shares issued	10	15,246,390	2,262,102
Cost to issue shares	10	(462,079)	(35,264)
Proceeds from loans	18	1,000,000	-
Repayment of loans	18	(1,000,000)	-
Interest paid on loans	18	(54,904)	-
Net cash provided by financing activities		14,729,407	2,226,838
Increase (decrease) in cash and cash equivalents		11,539,003	(1,938,859)
Cash and cash equivalents, beginning of year		794,605	2,733,464
Cash and cash equivalents, end of year	5	\$ 12,333,608	\$ 794,605

Non-cash financing activities:

During the year ended December 31, 2016, the Company issued 70,094,523 common shares in the amount of \$42,335,818 for the acquisition of EGX (see Note 4). This non-cash transaction is not reflected in the statement of cash flows.

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2016 and 2015

(expressed in U.S. dollars)

	Note	Attributable to owners of the Company				Non-controlling Interest	Total Equity	
		Share Capital	Share-based Payment Reserve	Accumulated Deficit	Total			
		Number of shares	Amount					
Balance, January 1, 2015		119,350,351	\$ 21,075,643	\$ 1,270,652	\$ (19,110,365)	\$ 3,235,930	\$ -	\$ 3,235,930
Shares issued, net of issue costs	10	13,636,364	2,226,838	-	-	2,226,838	-	2,226,838
Share-based payment	11	-	-	918,463	-	918,463	-	918,463
Comprehensive loss		-	-	-	(3,336,018)	(3,336,018)	-	(3,336,018)
Balance, December 31, 2015		132,986,715	23,302,481	2,189,115	(22,446,383)	3,045,213	-	3,045,213
Acquisition of EGX	4	70,094,523	42,335,818	623,615	-	42,959,433	4,803,121	47,762,554
Shares issued, net of issue costs	10	28,571,428	14,761,787	-	-	14,761,787	-	14,761,787
Exercise of stock options	10	55,001	41,026	(20,976)	-	20,050	-	20,050
Share-based payment	11	-	-	836,727	-	836,727	-	836,727
Comprehensive loss		-	-	-	(3,900,252)	(3,900,252)	(16,269)	(3,916,521)
Balance, December 31, 2016		231,707,667	\$ 80,441,112	\$ 3,628,481	\$ (26,346,635)	\$ 57,722,958	\$ 4,786,852	\$ 62,509,810

See Accompanying Notes to the Consolidated Financial Statements

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2016

(expressed in U.S. dollars)

1. NATURE OF OPERATIONS

Lumina Gold Corp. (formerly Odin Mining and Exploration Ltd.) ("Lumina" or the "Company") is a publicly listed company incorporated under the Business Corporation Company Act of British Columbia on March 22, 1988. The Company is listed on the TSX-Venture Exchange, having the symbol LUM.V. Lumina and its wholly-owned subsidiaries (collectively referred to as the "Group") are engaged in the acquisition, exploration and development of mineral resources in Ecuador. The Group is considered to be in the exploration stage as it has not placed any of its mineral properties into production. On November 1, 2016, the Company completed the acquisition of Ecuador Gold and Copper Corp. which holds the Condor Project in Ecuador (see Note 4). The Company changed its name to Lumina Gold Corp. on November 1, 2016.

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

2. BASIS OF PREPARATION AND GOING CONCERN

(a) Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 27, 2017.

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis and are presented in U.S. dollars, except as specifically noted for Canadian dollar amounts shown as "C\$".

(c) Going concern

These consolidated financial statements have been prepared on the going concern basis which assumes that the Company will be able to realize, in the foreseeable future, its assets and discharge its liabilities in the normal course of business as they come due. The Company has incurred cumulative losses of \$26,346,635 as at December 31, 2016 and has reported a net loss of \$3,916,521 for the year ended December 31, 2016. 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. The Company believes that, based on forecasts and the ability to reduce expenditures if required, along with indications of shareholder support, it will be able to continue as a going concern for the foreseeable future. However, as noted above, the Company will require additional funding in the future. There can be no assurance that management's plans will be successful. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Overall considerations

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below. These accounting policies have been used throughout all periods presented in the consolidated financial statements.

(b) Basis of consolidation

These consolidated financial statements include the financial statements of Lumina and its wholly-owned subsidiaries, which are controlled by the Company. Control is achieved when Lumina (as the parent company) is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. Specifically, Lumina controls an investee if, and only if, the Company has all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions, balances, income and expenses are eliminated on consolidation.

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2016

(expressed in U.S. dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Presentation currency and foreign currency translation

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

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

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

(d) Cash and cash equivalents

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

(e) Exploration and evaluation licenses

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

(f) Acquisition of mineral property interests

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

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

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

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

Acquisitions in which a business is not acquired are treated as an asset purchase. Under an asset purchase, the fair value of the consideration provided is allocated to the individual fair value of assets and liabilities assumed at the time of acquisition.

The costs of acquisition for an asset acquisition are deferred and capitalized in the period they are incurred. In the event the acquisition is not completed, these costs would be immediately expensed.

The EGX acquisition (Note 4) was treated as an asset purchase since, at time of acquisition, it was not a business.

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2016

(expressed in U.S. dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Exploration and evaluation expenditures

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

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

(h) Environmental Deposits

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

(i) Property and Equipment

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

Equipment	20% to 30% declining balance basis
Motor Vehicles	20% to 30% straight-line basis

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

(j) Interest income

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

(k) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

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

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

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2016

(expressed in U.S. dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

As at December 31, 2016 and 2015, the Group did not have any asset retirement obligations.

The Group is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge or hazardous material and other matters. The Group may be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and also on properties in which it has previously had an interest.

The Group believes it conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Group is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Group.

(m) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are subsequently measured as described below.

Financial Assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments; and
- available-for-sale financial assets.

The category determines how the asset is subsequently measured and whether any resulting income or expense is recognized in profit or loss or in other comprehensive income. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are considered impaired when there is objective evidence that a financial asset or a group of financial assets has been impaired. Different criteria to determine impairment are applied for each category of financial assets which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method. Loans and receivables comprise cash and cash equivalents, environmental deposits and receivables (other than goods and services tax (“GST”) or harmonized sales tax (“HST”) receivable from Canadian government taxation authorities).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The Group currently does not have any financial assets in this category.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Group has the intention and ability to hold them until maturity. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined for example by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss. The Group currently does not have any financial assets in this category.

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2016

(expressed in U.S. dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments (continued)

Financial Assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method is recognized in profit or loss. Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized. The Group currently does not have any financial assets in this category.

Financial Liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains and losses recognized in profit or loss. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Group's financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(n) Impairment of assets

Financial Assets

A financial asset that is not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The amount of the impairment loss is recognized in profit or loss. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the profit or loss, except for equity instruments classified as available-for-sale where the reversal is recorded in other comprehensive income.

Non-financial assets

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

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2016

(expressed in U.S. dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of assets (continued)

Non-financial assets (continued)

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

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

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

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

(o) Taxes

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

Current tax

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

Deferred tax

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

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

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Taxes (continued)

Sales tax

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

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

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

(p) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(q) Earnings (loss) per share

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

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

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction/development or exploration of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

(s) Share-based payments

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

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

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

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

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

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)
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(expressed in U.S. dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Share-based payments (continued)

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

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

(t) Significant accounting judgments and estimates

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

Judgments

Going concern: The assessment of the Company's ability to continue as a going concern requires significant judgment. The Company considers the factors outlined in Note 2(c) when making its going concern assessment.

Acquisition of Ecuador Gold and Copper Corp.: IFRS 3 *Business combinations* requires that management apply judgment in the determination if an acquisition of an entity is to be treated as a business combination or as an asset purchase. In the assessment of the EGX acquisition, it was determined that the entity did not constitute a business as it lacked mining permits, mineral reserves, infrastructure and funding to operate the Condor Project. See Note 3(f) and Note 4 for further details.

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

Estimates and assumptions

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

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

(u) Changes in accounting policies

There were a number of new standards and interpretations effective from January 1, 2016, that the Group applied for the first time in the current year. However, none of these new standards were directly relevant to the operations of the Group and, accordingly, the accounting policies adopted had no impact on the financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(expressed in U.S. dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Standards issued but not yet effective

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

Amendments to IAS 12 – Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses: The IASB published amendments to IAS 12 to clarify issues surrounding the recognition of deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. The amendment is not expected to have an impact on the Company.

Amendments to IAS 7 – Statement of Cash Flows - Disclosure Initiative: The IASB issued Disclosure Initiative – Amendments to IAS 7 to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). The amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. Management is currently evaluating the impact of the amendments on the Group's consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers: The IASB issued IFRS 15 in May 2014. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively with early adoption permitted. Management is currently evaluating the impact the final standard is expected to have on the Group's consolidated financial statements. This is not expected to be significant as the Company is currently not generating operating revenues.

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. Management is currently evaluating the impact the final standard is expected to have on the Group's consolidated financial statements.

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

4. ACQUISITION OF ECUADOR GOLD AND COPPER CORP.

On November 1, 2016, Lumina completed a plan of arrangement (the "Arrangement") under the *Business Corporations Act* (British Columbia) whereby Lumina acquired all of the issued and outstanding shares of EGX. Under the Arrangement, each former EGX shareholder received approximately 1.0433 common shares of Lumina for each EGX share held. A total of 70,094,523 Lumina common shares were issued. All outstanding EGX stock options were cancelled and former EGX optionholders were issued replacement Lumina stock options on substantially similar terms to their previously held EGX options. A total of 1,538,787 Lumina stock options with exercise prices ranging from \$0.47 to \$1.44 per common share (and expiry dates ranging from August 17, 2017 to April 20, 2021) were issued. All outstanding warrants to acquire EGX shares were cancelled pursuant to the Arrangement. Consideration amounted to \$43,384,181, consisting of shares issued, the fair value of stock options and the cost of acquisition, as disclosed in the table below.

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(expressed in U.S. dollars)

4. ACQUISITION OF ECUADOR GOLD AND COPPER CORP. (continued)

The acquisition of EGX has been accounted for as an asset purchase. The consideration paid has been allocated to the financial liabilities assumed and assets acquired based on their estimated fair values at the date of acquisition as follows:

	Note	Assets / (Liabilities) Acquired
Cash and cash equivalents		\$ 377,010
Receivables		143,655
Prepaid expenses		9,690
Environmental deposit		154,203
Exploration and evaluation asset	8(a)	47,487,910
Property, plant and equipment	7	637,644
Accounts payable and accrued liabilities		(622,810)
Non-controlling interest		(4,803,121)
Net assets acquired		\$ 43,384,181
Consideration paid in shares	10	\$ 42,335,818
Consideration paid in replacement stock options	11	623,615
Acquisition costs		424,748
Total consideration		\$ 43,384,181

5. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents at December 31, 2016, consisted of cash of \$12,333,608 and cash equivalents of \$Nil (2015 – cash of \$353,846 and cash equivalents of \$440,759). The Group's cash and cash equivalents are denominated in the following currencies and include the following components:

	December 31, 2016	December 31, 2015
Cash at bank and in hand – Canadian dollars	\$ 1,303,382	\$ 216,322
Cash at bank and in hand – U.S. dollars	11,030,226	137,524
Short-term deposits – U.S. dollars	-	440,759
Cash and cash equivalents	\$ 12,333,608	\$ 794,605

6. RECEIVABLES

	December 31, 2016	December 31, 2015
GST / HST	\$ 103,935	\$ 5,242
Other	54,202	234
Total receivables	\$ 158,137	\$ 5,476

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. PROPERTY AND EQUIPMENT

	Land ⁽¹⁾	Property & Equipment	Motor Vehicles	Total
Cost				
December 31, 2014	\$ 265,000	\$ 23,242	\$ 90,512	\$ 378,754
Additions	193,518	-	-	193,518
December 31, 2015	458,518	23,242	90,512	572,272
Acquisition of EGX	273,460	364,184	-	637,644
Additions	130,425	685	-	131,110
December 31, 2016	862,403	388,111	90,512	1,341,026
Depreciation				
December 31, 2014	\$ -	\$ 21,934	\$ 69,865	\$ 91,799
Depreciation for the year	-	1,308	8,231	9,539
December 31, 2015	-	23,242	78,096	101,338
Depreciation for the year	-	11,105	7,998	19,103
December 31, 2016	\$ -	\$ 34,347	\$ 86,094	\$ 120,441
Net book value				
December 31, 2015	\$ 458,518	\$ -	\$ 12,416	\$ 470,934
December 31, 2016	\$ 862,403	\$ 353,764	\$ 4,418	\$ 1,220,585

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

Depreciation expense relating to equipment and motor vehicles utilized in E&E activities is expensed to E&E costs.

8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

(a) Exploration and evaluation assets

The Group has various mineral exploration projects in Ecuador as follows:

Cangrejos: The Group has five separate mineral titles located near Machala in southwest Ecuador, collectively known as the "Cangrejos Project." Two of the mineral titles were acquired by way of an option agreement (the "Castro Agreement") which was entered into on September 20, 2007 with the final payment being made on October 2, 2015. The carrying value of the mineral titles obtained via the Castro Agreement is \$1,701,100 at December 31, 2016 (2015 - \$1,701,100). In addition, pursuant to a public tender process in Ecuador, in November 2016, the Group was awarded the Cangrejos 20 concession which is surrounded by the previously existing Cangrejos concessions. The addition of Cangrejos 20 consolidated the Company's mineral concession position in the area. The six concessions are now collectively grouped under the "Cangrejos Project" and represent a total land area of approximately 6,374 hectares.

Condor: Following the acquisition of EGX on November 1, 2016, the Company acquired the EGX Condor Project (see Note 4). The Condor Project consists of seven concessions, totaling approximately 8,269 hectares, located in the Zamora-Chinchi Province in southeast Ecuador.

Pegasus: In November 2016, the Group, pursuant to the public tender process in Ecuador, the Group was awarded the Pegasus A1-7 and Pegasus B8-14 concessions. These concessions are an early-stage gold project comprising approximately 66,525 hectares and are located 150 kilometres southwest of Quito.

Other: In December 2016, further to the Ecuadorian public tender process, the Group was awarded three additional concessions which are located near the Condor Project in the Zamora Province of southeastern Ecuador. The awarded concessions included (i) Tres Picachos (4,828 hectares), (ii) La Canela (3,187 hectares) and (iii) Orquideas (4,743 hectares). The Group also obtained certain concessions under an option with Proyectmin S.A., a related party, whereby the Group will fund the required work commitments on the concessions and after two years, the concessions will be transferred to the Group. The optioned concessions include: (i) Palma Real located in Northern Ecuador, consisting of four concession areas totaling 19,775 hectares and (ii) Santa Elena (628 hectares) which is located near the Condor Project.

To maintain its mineral concessions the Company is required to meet certain spending requirements as communicated to the Government of Ecuador. Further details are provided in Note 20.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2016

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8. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(a) Exploration and evaluation assets (continued)

Acquisition costs and carrying value of the Group's Concessions are as follows:

	Cangrejos	Condor	Total
Cost			
December 31, 2014	\$ 1,000,000	\$ -	\$ 1,000,000
Additions	1,241,100	-	1,241,100
December 31, 2015	2,241,100	-	2,241,100
Additions	-	47,487,910	47,487,910
December 31, 2016	2,241,100	47,487,910	49,729,010
Cumulative impairment			
December 31, 2016, 2015 and 2014	\$ 540,000	\$ -	\$ 540,000
Net book value			
December 31, 2015	\$ 1,701,100	\$ -	\$ 1,701,100
December 31, 2016	\$ 1,701,100	\$ 47,487,910	\$ 49,189,010

(b) Exploration and evaluation expenditures

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

	Year ended December 31, 2016				Year ended
	Cangrejos	Condor ⁽³⁾	Other	Total	December 31, 2015 Total (Cangrejos)
Mineral rights	\$ 65,124	\$ 530	\$ 112,872	\$ 178,526	\$ 49,405
Legal fees	83,495	-	-	83,495	82,425
Assays	3,404	-	-	3,404	52,578
Camp	87,669	10,426	-	98,095	141,459
Camp access and improvements	7,826	-	-	7,826	13,623
Consultant database	-	-	-	-	1,525
Drilling	-	3,191	-	3,191	78,925
Engineering	-	-	-	-	37,079
Environmental	49,310	-	-	49,310	20,695
Field office	210,619	94,674	-	305,293	191,430
Geological consulting	29,209	17,875	-	47,084	37,349
Geological staff	174,452	43,312	-	217,764	295,518
Metallurgical	-	-	-	-	137,628
Project management ⁽¹⁾	221,619	13,969	3,552	239,140	198,690
Reports	6,774	-	-	6,774	-
Social and community ⁽¹⁾	134,567	14,227	-	148,794	154,099
Share-based payment (Note 11(a))	177,705	53,482	-	231,187	262,357
Transportation and accommodation	20,704	7,805	-	28,509	60,213
Costs incurred during the year	\$ 1,272,477	\$ 259,491	\$ 116,424	\$ 1,648,392	\$ 1,814,998
Cumulative E&E incurred, beginning of year ⁽²⁾	\$ 8,952,067	\$ -	\$ -	\$ 8,952,067	\$ 7,137,069
E&E incurred during the year	1,272,477	259,491	116,424	1,648,392	1,814,998
Cumulative E&E incurred, end of year	\$ 10,224,544	\$ 259,491	\$ 116,424	\$ 10,600,459	\$ 8,952,067

⁽¹⁾ Project management and social and community costs include payments made to key management personnel (see Note 18).

⁽²⁾ E&E expenditures have been disclosed on a cumulative basis since January 1, 2004.

⁽³⁾ Costs for the Condor Project incurred since acquisition of EGX on November 1, 2016 (see Note 4).

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9. NON-CONTROLLING INTEREST (“NCI”)

The following table summarizes information related to the Group's non-controlling interest which has a 10% interest in Condormining Corporation S.A. (see Note 18), which in turn holds Bestminers S.A. and Condormine S.A.:

	December 31, 2016
Current assets	\$ 113,589
Non-current assets	22,113,210
Current liabilities	(132,570)
Net assets	22,094,229
NCI percentage	10%
Net assets of individual entities attributable to the NCI	2,209,423
Adjustments on consolidation of individual entities subject to NCI	2,577,429
Net assets attributable to the NCI	\$ 4,786,852
Net loss and comprehensive loss	\$ 162,690
NCI percentage	10%
Net loss and comprehensive loss attributable to NCI	\$ 16,269

Cash flow from operating activities for the entities subject to a NCI was a use of cash of \$168,323 for the period ending December 31, 2016.

10. SHARE CAPITAL

Authorized: Unlimited common shares, without par value.

Issued and fully paid:	Number of Common Shares	Amount
Balance, January 1, 2015	119,350,351	\$ 21,075,643
Shares issued, net of issue costs (a)	13,636,364	2,226,838
Balance, December 31, 2015	132,986,715	23,302,481
Shares issued on exercise of stock options (b)	8,334	3,745
Shares issued on exercise of stock options (c)	8,334	3,797
Shares issued on exercise of stock options (d)	30,000	29,709
Shares issued on acquisition of EGX (e)	70,094,523	42,335,818
Shares issued on exercise of stock options (f)	8,333	3,775
Shares issued, net of issue costs (g)	28,571,428	14,761,787
Balance, December 31, 2016	231,707,667	\$ 80,441,112

- (a) In August 2015, the Company closed a non-brokered private placement of 13,636,364 common shares for proceeds of \$2,226,838, net of issue costs of \$35,264.
- (b) In March 2016, 8,334 stock options were exercised at an exercise price of \$0.23 (C\$0.315) per common share for total proceeds of \$1,955. The previously recognized share-based payment expense relating to these stock options was reclassified from share option reserve to share capital in the amount of \$1,790.
- (c) In September 2016, 8,334 stock options were exercised at an exercise price of \$0.24 (C\$0.315) per common share for total proceeds of \$2,007. The previously recognized share-based payment expense relating to these stock options was reclassified from share option reserve to share capital in the amount of \$1,790.
- (d) In September 2016, 30,000 stock options were exercised at an exercise price of \$0.47 (C\$0.62) per common share for total proceeds of \$14,103. The previously recognized share-based payment expense relating to these stock options was reclassified from share option reserve to share capital in the amount of \$15,606.
- (e) On November 1, 2016, the Company issued 70,094,523 common shares pursuant to the Arrangement to acquire EGX (see Note 4). The value of the shares issued, based on the closing price on the TSXV immediately prior to the acquisition completing was \$42,335,818.

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10. SHARE CAPITAL (continued)

- (f) In December 2016, 8,333 stock options were exercised at an exercise price of \$0.24 (C\$0.315) per common share for total proceeds of \$1,985. The previously recognized share-based payment expense relating to these stock options was reclassified from share option reserve to share capital in the amount of \$1,790.
- (g) In December 2016, the Company closed a non-brokered private placement of 28,571,428 common shares for proceeds of \$14,761,787, net of issue costs of \$464,553, which includes finder's fees of 4% of the proceeds from certain subscribers.

11. SHARE-BASED PAYMENTS**(a) Stock option plan**

The Company has a stock option plan (the "Plan") whereby the Company may grant options to directors, officers, employees and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the total number of issued and outstanding shares on the date options are granted. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. Options are exercisable over periods of up to five years as determined by the Board and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the TSX Venture Exchange. The Plan contains no vesting requirements, but permits the Board to specify a vesting schedule in its discretion.

During the year ended December 31, 2016, the Company granted 2,100,000 stock options (2015 – 1,447,000) to directors, officers, employees and consultants at a weighted average exercise price of C\$0.80 and expiry date of December 30, 2021 (2015 - C\$0.315 and December 4, 2020). The weighted average fair value of the options granted in the year ended December 31, 2016 was estimated at \$0.55 per option at the grant date using Black-Scholes (2015 - \$0.22). The vesting schedule of 1,900,000 of the options was $\frac{1}{3}$ on the grant date, $\frac{1}{3}$ one year after the grant date and $\frac{1}{3}$ two years after the grant date. 200,000 options, which were issued to investor relations consultants, vest as to $\frac{1}{4}$ every six months with the initial vesting period after six months. The fair value used to calculate the compensation expense related to the stock options granted is estimated using Black-Scholes with the following assumptions:

	Year ended December 31,	
	2016	2015
Risk-free interest rate	1.02%	0.8%
Expected dividend yield	-	-
Expected stock price volatility	143%	152%
Expected option life in years	5	5
Expected rate of forfeiture	0 – 5%	0 – 5%

The share price and exercise price used in determining share-based payment amounts are equal to the closing share price and exercise price on the day that stock options are granted, in accordance with the Plan. Option pricing models such as Black-Scholes require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options. Volatility is determined based upon historical volatility of the Company's common shares, generally for a period equal to the expected life of the stock options.

Pursuant to the Arrangement with EGX (see Note 4), the Company issued 1,538,787 replacement stock options to former EGX optionholders. The replacement options were on terms substantially similar to the EGX options and the following options were granted on November 1, 2016:

Number of Replacement Lumina Options Granted	Expiry Date	Exercise Price
125,188	August 17, 2017	C\$1.44
187,783	September 25, 2018	C\$0.96
1,225,816	April 20, 2021	C\$0.47

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11. SHARE-BASED PAYMENTS (continued)

(a) Stock option plan (continued)

As at the date of acquisition, the fair value of the original EGX options and the replacement options were calculated using Black-Scholes. The fair value of the EGX options that were replaced was treated as part of the consideration for EGX, in the amount of \$623,615 (see Note 4), while any excess fair value of the replacement option compared to the original option is recognized as a post-combination remuneration expense and is included in share-based payment expense (in the amount of \$90,408). The Black-Scholes assumptions for each of the awards calculations were as follows:

	Original EGX Options	Replacement Lumina Options
Risk-free interest rate	0.55% - 0.63%	0.55% - 0.63%
Expected dividend yield	-	-
Expected stock price volatility	75% - 117%	57% - 150%
Expected option life in years	0.79 - 4.50	0.79 - 4.50
Expected rate of forfeiture	0%	0%

Pursuant to the Company's accounting policy for share-based payments, the fair value of options vesting during the year ended December 31, 2016, in the amount of \$836,727 (2015 - \$918,463) has been recorded in the consolidated statement of comprehensive loss. Of this amount, \$605,540 has been included in fees, salaries and other employee benefits (Note 12) (2015 - \$656,106) and \$231,187 has been expensed to exploration and evaluation expenditures (Note 8(b)) (2015 - \$262,357).

(b) Outstanding stock options

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

	Year ended December 31,			
	2016		2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	5,387,000	C\$ 0.54	4,431,667	C\$ 0.68
Granted	2,100,000	C\$ 0.80	1,447,000	C\$ 0.315
Granted on EGX Acquisition	1,538,787	C\$ 0.61	-	C\$ -
Exercised	(55,001)	C\$ 0.48	-	C\$ -
Expired	(86,666)	C\$ 0.61	(491,667)	C\$ 1.17
Outstanding, end of year	8,884,120	C\$ 0.61	5,387,000	C\$ 0.54

The weighted average share price at the date of exercise for share options exercised in 2016 was \$0.60 (2015 - no options exercised). For each reporting period, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

December 31, 2016					
Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted average life (years)	Exercise Price	Number of Options	Exercise Price
125,188	August 17, 2017	0.63	C\$1.44	125,188	C\$1.44
187,783	September 25, 2018	1.73	C\$0.96	187,783	C\$0.96
3,840,000	September 12, 2019	2.70	C\$0.62	3,840,000	C\$0.62
1,405,333	December 4, 2020	3.93	C\$0.315	931,336	C\$0.315
1,225,816	April 20, 2021	4.30	C\$0.47	1,225,816	C\$0.47
1,900,000	December 30, 2021	5.00	C\$0.80	633,344	C\$0.80
200,000	December 30, 2021	5.00	C\$0.80	-	C\$0.80
8,884,120		3.61	C\$0.61	6,943,467	C\$0.59

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11. SHARE-BASED PAYMENTS (continued)

(b) Outstanding stock options (continued)

December 31, 2015					
Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted average life (years)	Exercise Price	Number of Options	Exercise Price
10,000	December 20, 2016	0.97	C\$1.00	10,000	C\$1.00
3,930,000	September 12, 2019	3.70	C\$0.62	2,620,006	C\$0.62
1,447,000	December 4, 2020	4.93	C\$0.315	482,339	C\$0.315
5,387,000		4.03	C\$0.54	3,112,345	C\$0.57

12. FEES, SALARIES AND OTHER EMPLOYEE BENEFITS

	Year ended December 31,	
	2016	2015
Fees, salaries	\$ 606,012	\$ 448,986
Share-based payments (Note 11(a))	605,540	656,106
Fees, salaries and other employee benefits	\$ 1,211,552	\$ 1,105,092

13. LOSS PER SHARE

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

	Year ended December 31,	
	2016	2015
Net loss attributed to owners of the Company	\$ 3,900,252	\$ 3,336,018
Weighted average number of common shares outstanding (basic and diluted)	145,901,576	124,169,778
Loss per share – basic and diluted	\$ 0.03	\$ 0.03

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

All of the stock options currently issued (see Note 11) were anti-dilutive for the years ended December 31, 2016 and 2015.

14. CAPITAL RISK MANAGEMENT

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

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

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

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

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Year ended December 31, 2016

(expressed in U.S. dollars)

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

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

	Category	December 31, 2016	December 31, 2015
Cash and cash equivalents	Loans and receivables	\$ 12,333,608	\$ 794,605
Receivables	Loans and receivables	54,202	234
Environmental deposits	Loans and receivables	183,976	95,614
Accounts payable and accrued liabilities	Other financial liabilities	627,976	38,612

The recorded amounts for cash and cash equivalents, receivables, environmental deposits and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. Income earned on the Group's cash and cash equivalents has been disclosed in the consolidated statements of comprehensive loss under the caption "interest income and other."

(b) Fair Value Measurements

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The fair value of the Group's cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of financial instruments that are measured subsequent to initial recognition at their fair value, is measured within a 'fair value hierarchy' which has the following levels:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2: valuation techniques using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company did not have any financial instruments that were measured at Level 2 or 3 valuation techniques.

16. FINANCIAL INSTRUMENT RISKS

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

(a) Credit Risk

The Group considers that its cash and cash equivalents and receivables are exposed to credit risk, representing maximum exposure of \$12,387,810 (2015 - \$794,839). Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk on its cash and cash equivalents is minimized by maintaining these assets with high-credit quality financial institutions. At December 31, 2016, the Group's cash and cash equivalents were held at five financial institutions (2015 – two financial institutions).

(b) Liquidity Risk

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

At December 31, 2016, the Group's current liabilities consisted of trade and other payables of \$627,976 which are due primarily within three months from the period end. The Group's cash and cash equivalents of \$12,333,608 at December 31, 2016, were sufficient to pay for the current liabilities.

At December 31, 2015, the Group's current liabilities consisted of trade and other payables of \$38,612 which are due primarily within three months from the period end. The Group's cash and cash equivalents of \$794,605 at December 31, 2015, were sufficient to pay for the current liabilities.

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(expressed in U.S. dollars)

16. FINANCIAL INSTRUMENT RISKS (continued)**(c) Market Risks**

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

Interest Rate Risk

Interest rate risk is the risk that the future cash flows and fair values of the Group will fluctuate because of changes in market interest rates. Based on the Group's net exposure as at December 31, 2016 and 2015, and assuming that all other variables remained constant, a 1% increase or decrease in interest rates would result in an increase or decrease of approximately, \$123,400 and \$7,900 respectively, in the Group's interest income on an annual basis.

Currency Risk

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

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

Each of the tables below shows the impact that a 1% fluctuation in foreign currency rates compared to the U.S. dollar would have on the Group's consolidated loss, comprehensive loss and equity based upon the assets held at each date disclosed.

The foreign exchange risk exposure of the Group's cash and cash equivalents and accounts payable and accrued liabilities, as at December 31, 2016 is as follows:

Financial Instrument Type	U.S. Dollar	Currency	+/- 1% Fluctuation	
Cash and cash equivalents	\$ 1,303,382	CAD dollar	\$ 13,034	(13,034)
Accounts payable and accrued liabilities	(121,903)	CAD dollar	(1,219)	1,219
Total	\$ 1,181,479		\$ 11,815	(11,815)

The foreign exchange risk exposure of the Group's cash and cash equivalents and accounts payable and accrued liabilities, as at December 31, 2015 is as follows:

Financial Instrument Type	U.S. Dollar	Currency	+/- 1% Fluctuation	
Cash and cash equivalents	\$ 216,322	CAD dollar	\$ 2,163	(2,163)
Accounts payable and accrued liabilities	(1,760)	CAD dollar	(18)	18
Total	\$ 214,562		\$ 2,145	(2,145)

Other Price Risk

The Group did not hold any financial instruments that had direct exposure to other price risks at December 31, 2016 and 2015.

17. SEGMENTED DISCLOSURE

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

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18. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS

Information about subsidiaries

The consolidated financial statements include the following material subsidiaries:

	Country of Incorporation	% equity interest at December 31,	
		2016	2015
Odin Mining del Ecuador S.A	Ecuador	100	100
Condomining Corporation S.A.*	Ecuador	90	0

* Condomining Corporation S.A. was acquired on November 1, 2016 as part of the acquisition of EGX (see Note 4).

Related party expenses and balances

The Company incurred the following expenses with related parties:

Company	Nature of transactions	Year ended December 31,	
		2016	2015
Miedzi Copper Corp.	Pre exploration and evaluation	\$ 3,778	\$ -
Miedzi Copper Corp.	E&E (geological)	19,924	24,989
Miedzi Copper Corp.	G&A	53,958	45,832
Miedzi Copper Corp.	Fees	201,373	135,379
Anchor Investments Limited	Fees	-	113,944
Hathaway Consulting Ltd.	Fees	111,340	-
Koval Management LLC	Fees	16,485	113,141
Koval Management Inc.	Fees	153,320	-
La Mar Consulting Inc.	E&E (social and community)	139,327	39,292
Lyle E Braaten Law Corp.	Fees	91,433	37,302
Proyectmin S.A.	E&E (field office)	33,701	4,734
Proyectmin S.A.	Pre exploration and evaluation	48,988	95,139
Zen Capital & Mergers Ltd.	Fees	4,576	24,095
		\$ 878,203	\$ 633,847

Miedzi Copper Corp. is considered a company related by way of directors and shareholders in common. Anchor Investments Ltd, Hathaway Consulting Ltd, Koval Management LLC, 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 December 31, 2016, \$15,511 owing to Proyectmin S.A. was included in accounts payable (2015 - \$Nil).

On June 29, 2016, the Company received a loan of \$1,000,000 from Ross J. Beaty, a significant shareholder of the Company. The loan accrued interest at a rate of 12% per annum, compounded annually and not in advance, and was repayable on or before the earlier of June 30, 2017 and two business days after the date on which the Company concluded any financing greater than the total owed at such date (being principal plus accrued interest). The loan and accrued interest totaling \$1,054,904 was repaid on December 13, 2016.

Key management personnel compensation

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

	Year ended December 31,	
	2016	2015
Short-term benefits (i)	\$ 885,121	\$ 668,013
Share-based payments (ii)	703,535	211,515
Total remuneration	\$ 1,588,656	\$ 879,528

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

(ii) Share-based payments are the fair value of options granted (vested and unvested) to key management personnel as at the grant date (see Note 11(a)).

(iii) Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the years ended December 31, 2016 and 2015.

LUMINA GOLD CORP. (formerly Odin Mining and Exploration Ltd.)

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19. TAXES

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. Deferred tax assets have not been recognized for the temporary differences noted below as the Company does not presently have sufficient evidence to establish that it is probable that the respective entities to which they relate will generate future taxable income against which to utilize the temporary differences.

	December 31, 2016	December 31, 2015
Deferred income tax assets		
Exploration and evaluation asset	\$ 1,499,000	\$ 1,356,000
Non-capital income tax losses carried forward	3,413,000	835,000
Capital losses carried forward	1,207,000	1,184,000
Other assets	318,000	165,000
	6,437,000	3,540,000
Unrecognized deferred income tax assets	(6,437,000)	(3,540,000)
	\$ -	\$ -

Reconciliation of income tax computed at statutory rates to the reported income tax provision is as follows:

	Year ended December 31,	
	2016	2015
Loss before income taxes	\$ (3,916,521)	\$ (3,336,018)
Canadian statutory rate	26%	26%
Income tax benefit computed at Canadian statutory rates	\$ (1,018,000)	\$ (867,000)
Permanent differences	218,000	228,000
Expiry of losses carried forward	14,000	59,000
Other	(160,000)	240,000
Foreign income taxed at other than Canadian statutory rates	36,000	41,000
Change in unrecognized deferred tax assets	910,000	299,000
	\$ -	\$ -

At December 31, 2016, the Company has Canadian capital losses that may be carried forward indefinitely of \$9,383,000 and Canadian non-capital income tax losses carried forward of approximately \$11,896,000 expiring in various years to 2036, that may be available to offset future taxable income. The Group also has net operating losses which can be carried forward in Ecuador for five years of approximately \$1,455,000.

The Group's tax losses expire as follows:

Year of Expiry	Canada	Ecuador
2017	\$ -	\$ 143,000
2018	-	228,000
2019	-	254,000
2020	-	486,000
2021	-	344,000
2025	152,000	-
2026	615,000	-
2027	97,000	-
2028	404,000	-
2029	83,000	-
2030	486,000	-
2031	746,000	-
2032	1,130,000	-
2033	2,073,000	-
2034	1,937,000	-
2035	1,939,000	-
2036	2,234,000	-
	\$ 11,896,000	\$ 1,455,000

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19. TAXES (continued)

The Group's other deductible temporary differences are comprised principally of \$6,689,000 in relation to exploration and evaluation assets and land in Ecuador and \$1,330,000 in exploration tax pools and share issue costs in Canada.

20. COMMITMENTS

The Group has entered into agreements for the rental of office space that require minimum payments in the aggregate as follows:

	December 31, 2016	December 31, 2015
Within one year	\$ 25,000	\$ 6,800
After one year but not more than five years	9,000	-
More than five years	-	-
	<hr/>	<hr/>
	\$ 34,000	\$ 6,800

Following the granting of new concession areas to the Group, as disclosed in Note 8(a), the Company is obligated to fulfil its investment offers to the government which were presented as part of the bid process. For the new concessions awarded to the Group, either directly or under option agreement, as at December 31, 2016, the total investment commitment for the first year of the concessions amounts to \$4,914,828. In addition, the Group is committed to spend an additional \$1,145,350 during 2017 to maintain its mineral concession licenses for the Cangrejos (excluding Cangrejos 20) and Condor Projects. Should the Company renew its mineral concession licenses beyond 2017, further minimum investments will be required.

21. POST-REPORTING DATE EVENTS

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

- a) On March 6, 2017, 500,000 stock options with an exercise price of \$0.90 per common share were granted to an officer of the Company.
- b) In April 2017, 29,999 stock options with an exercise price of \$0.80 per common share were forfeited.
- c) The Group was awarded an additional eight concession areas, totalling 20,244 hectares. The first year investment commitment on these concessions amounts to \$1,255,523 which is in addition to the commitment in Note 20 (above).