LUMINA GOLD CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 30, 2018

(Unaudited)

TSX-V: LUM

www.luminagold.com

**LUMINA GOLD CORP.**
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**

Unaudited

(expressed in U.S. dollars)

| | Note | September 30, 2018 | December 31, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | 4 | $ 3,746,111 | $ 14,692,983 |
| Receivables | 5 | 22,956 | 79,627 |
| Prepaid expenses | | 78,529 | 55,439 |
| **Total current assets** | | 3,847,596 | 14,828,049 |
| **Non-current assets** | | | |
| Environmental deposits | | 29,622 | 192,223 |
| Property and equipment | 6 | 1,339,130 | 1,984,400 |
| Exploration and evaluation assets | 7(a) | 1,701,100 | 49,189,010 |
| **Total assets** | | $ 6,917,448 | $ 66,193,682 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | | $ 628,937 | $ 1,138,168 |
| **Total liabilities** | | 628,937 | 1,138,168 |
| **EQUITY** | | | |
| Share capital | 9 | 62,206,864 | 95,247,364 |
| Share-based payment reserve | | 5,280,092 | 4,767,358 |
| Accumulated deficit | | (61,198,445) | (39,493,822) |
| **Equity attributable to owners of the Company** | | 6,288,511 | 60,520,900 |
| **Non-controlling interest** | | - | 4,534,614 |
| **Total equity** | | 6,288,511 | 65,055,514 |
| **Total liabilities and equity** | | $ 6,917,448 | $ 66,193,682 |

Going concern (Note 2(b))
Commitments and contingent liabilities (Note 19)
Post-reporting date events (Note 20)

APPROVED BY THE DIRECTORS

*"Marshall Koval"*
Director

*"Donald Shumka"*
Director

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

**LUMINA GOLD CORP.**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

**For the three and nine months ended September 30, 2018 and 2017**

Unaudited

(expressed in U.S. dollars)

| | Note | Three months ended September 30, 2018 | Three months ended September 30, 2017 | Nine months ended September 30, 2018 | Nine months ended September 30, 2017 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Exploration and evaluation ("E&E") expenditures | 7(b), 17 | $ 2,289,864 | $ 2,609,984 | $ 9,896,699 | $ 7,431,958 |
| Fees, salaries and other employee benefits | 11, 17 | 337,150 | 301,801 | 996,206 | 983,255 |
| General and administration ("G&A") | 17 | 147,787 | 74,745 | 508,357 | 297,858 |
| Pre exploration and evaluation expenditures | | - | 30 | - | 5,928 |
| Professional fees | | 367,835 | 105,431 | 1,002,635 | 443,859 |
| Insurance | | 1,528 | - | 30,567 | 12,667 |
| | | (3,144,164) | (3,091,991) | (12,434,464) | (9,175,525) |
| **Other income (expenses)** | | | | | |
| Loss on spinout of Luminex Resources Corp. | 3 | (12,536,695) | - | (12,536,695) | - |
| Interest income and other | 18 | 1,331,771 | 3,564 | 1,518,415 | 18,776 |
| Foreign exchange gain (loss) | | 25,740 | 28,948 | (135,431) | 56,523 |
| | | (11,179,184) | 32,512 | (11,153,711) | 75,299 |
| **Net loss and comprehensive loss for the period** | | $ (14,323,348) | $ (3,059,479) | $ (23,588,175) | $ (9,100,226) |
| **Loss attributable to:** | | | | | |
| Owners of the Company | | $ (12,576,753) | $ (3,006,174) | $ (21,704,623) | $ (8,953,520) |
| Non-controlling interest | 8 | (1,746,595) | (53,305) | (1,883,552) | (146,706) |
| | | $ (14,323,348) | $ (3,059,479) | $ (23,588,175) | $ (9,100,226) |
| Loss per share attributable to owners of the Company – basic and diluted | 12 | $ (0.05) | $ (0.01) | $ (0.08) | $ (0.04) |
| Weighted average number of shares outstanding – basic and diluted | 12 | 271,055,154 | 231,747,922 | 266,411,439 | 231,721,233 |

**LUMINA GOLD CORP.**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

**For the nine months ended September 30, 2018 and 2017**

Unaudited

(expressed in U.S. dollars)

| | Note | Nine months ended September 30, 2018 | 2017 |
|---|---|---|---|
| **Operating activities** | | | |
| Loss for the period | | $ (23,588,175) | $ (9,100,226) |
| Adjustment for non-cash items: | | | |
| Depreciation | 6 | 91,835 | 27,785 |
| Environmental deposit interest accrued | | (5,497) | (5,572) |
| Loss on transfer of spinout assets | 3 | 12,536,695 | - |
| Share-based payment | 10(a) | 536,119 | 629,962 |
| Deduct: interest income | | (7,387) | (5,839) |
| Net changes in non-cash working capital items: | | | |
| Receivables | | 20,310 | 75,725 |
| Prepaid expenses | | (53,909) | (6,099) |
| Accounts payable and accrued liabilities | | 30,977 | 165,045 |
| **Net cash utilized in operating activities** | | (10,439,032) | (8,219,219) |
| **Investing activities** | | | |
| Expenditures on property and equipment | | (374,148) | (704,216) |
| Interest received | | 7,387 | 5,839 |
| **Net cash utilized in investing activities** | | (366,761) | (698,377) |
| **Financing activities** | | | |
| Cash transferred to Luminex Resources Corp. | 3 | (5,374,676) | - |
| Shares issued | 9 | 5,384,431 | 19,536 |
| Cost to issue shares | 9 | (150,834) | - |
| **Net cash (utilized in) provided by financing activities** | | (141,079) | 19,536 |
| Decrease in cash | | (10,946,872) | (8,898,060) |
| Cash, beginning of period | | 14,692,983 | 12,333,608 |
| **Cash, end of period** | 4 | $ 3,746,111 | $ 3,435,548 |

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

**LUMINA GOLD CORP.**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**

**For the nine months ended September 30, 2018 and 2017**

Unaudited

(expressed in U.S. dollars)

| | | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Share Capital | | Share-based | Accumulated | | Non-controlling | |
| | Note | Number of shares | Amount | Payment Reserve | Deficit | Total | Interest | Total Equity |
| **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 |
| Exercise of stock options | 9 | 52,162 | 44,587 | (25,051) | - | 19,536 | - | 19,536 |
| Share-based payment | 10(a) | - | - | 629,962 | - | 629,962 | - | 629,962 |
| Comprehensive loss | | - | - | - | (8,953,520) | (8,953,520) | (146,706) | (9,100,226) |
| **Balance**, September 30, 2017 | | 231,759,829 | 80,485,699 | 4,233,392 | (35,300,155) | 49,418,936 | 4,640,146 | 54,059,082 |
| Shares issued, net of issue costs | | 32,258,064 | 14,757,068 | - | - | 14,757,068 | - | 14,757,068 |
| Exercise of stock options | | 10,000 | 4,597 | (2,148) | - | 2,449 | - | 2,449 |
| Share-based payment | | - | - | 536,114 | - | 536,114 | - | 536,114 |
| Comprehensive loss | | - | - | - | (4,193,667) | (4,193,667) | (105,532) | (4,299,199) |
| **Balance**, December 31, 2017 | | 264,027,893 | 95,247,364 | 4,767,358 | (39,493,822) | 60,520,900 | 4,534,614 | 65,055,514 |
| Distribution of Luminex Resources Corp. | 3 | - | (38,297,482) | - | - | (38,297,482) | (2,651,062) | (40,948,544) |
| Shares issued, net of issue costs | 9 | 9,730,000 | 5,211,279 | - | - | 5,211,279 | - | 5,211,279 |
| Exercise of stock options | 9 | 52,000 | 45,703 | (23,385) | - | 22,318 | - | 22,318 |
| Share-based payment | 10(a) | - | - | 536,119 | - | 536,119 | - | 536,119 |
| Comprehensive loss | | - | - | - | (21,704,623) | (21,704,623) | (1,883,552) | (23,588,175) |
| **Balance**, September 30, 2018 | | 273,809,893 | $ 62,206,864 | $ 5,280,092 | $ (61,198,445) | $ 6,288,511 | $ - | $ 6,288,511 |

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

## 1. NATURE OF OPERATIONS

Lumina Gold Corp. ("Lumina" or the "Company") is a publicly listed company incorporated under the Company Act of British Columbia on March 22, 1988. The Company is listed on the TSX-Venture Exchange, having the symbol LUM. 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.

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, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

These condensed consolidated interim financial statements of the Group for the three and nine months ended September 30, 2018 and 2017, have been prepared in accordance with IAS 34 *Interim Financial Reporting.* They do not include all of the information and disclosures required in full annual financial statements and should be read in conjunction with the Group's annual financial statements as at December 31, 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in U.S. dollars, except as specifically noted for Canadian dollar amounts shown as "C$".

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

### (b) Going concern

These condensed consolidated interim financial statements have been prepared on the going concern basis which assumes that the Group will be able to realize, in the foreseeable future, its assets and discharge its liabilities in the normal course of business as they come due. The Group has incurred cumulative losses of $61,198,445 as at September 30, 2018 and has reported a net loss attributable to owners of the Company of $21,704,623 for the nine months ended September 30, 2018. The ability of the Group to continue as a going concern is dependent upon successfully obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Group's assets, the outright sale of the Company, the successful development of the Group's mineral property interests or a combination thereof. The Group believes that, based on the financing subsequent to period end (Note 20(a)), forecasts and the ability to reduce expenditures if required, it will be able to continue as a going concern for the foreseeable future. However, as noted above, the Group will require additional funding in the future. There can be no assurance that management's plans will be successful. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern. Such adjustments could be material.

### (c) Significant accounting policies

The significant accounting policies that have been applied, on a consistent basis, in the preparation of these condensed consolidated interim financial statements are included in the Group's audited consolidated financial statements for the year ended December 31, 2017. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements, except as noted below.

*IFRS 9 – Financial Instruments*

This standard replaces IAS 39, *Financial Instruments: Recognition & Measurement*. IFRS 9 details new requirements for classifying and measuring financial assets. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss model" for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The standard became effective for annual periods beginning on or after January 1, 2018, which is the date the Group adopted IFRS 9.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so our accounting policy with respect to financial liabilities is substantially unchanged.

**2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Significant accounting policies (continued)**

*IFRS 9 – Financial Instruments (continued)*

This adoption of this standard did not have a material impact on the measurement of the Group's financial instruments in our condensed consolidated interim financial statements, however additional disclosures have been provided.

The following are new accounting policies for financial instruments under IFRS 9.

Non-derivative financial assets

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

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

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

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

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

Financial liabilities

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

The Group completed an assessment of its financial instruments as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

| | Original classification under IAS 39 | New Classification under IFRS 9 |
|---|---|---|
| Cash | Loans and receivables – amortized cost | Amortized cost |
| Receivables | Loans and receivables – amortized cost | Amortized cost |
| Environmental deposits | Loans and receivables – amortized cost | Amortized cost |
| Accounts payable and accrued liabilities | Other liabilities – amortized cost | Amortized cost |

**2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Significant accounting policies (continued)**

*IFRS 9 – Financial Instruments (continued)*

Impairment of financial assets at amortized cost

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

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

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

*Judgments*

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

Exploration and evaluation assets: The application of the Group's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that such acquisition costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable resources exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available. The carrying value of these assets is detailed at Note 7(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.

Fair value of net assets distributed to Luminex Resources Corp. ("Luminex"): The processes and methodologies used to determine the fair value of the net assets distributed to Luminex (see Note 3) are inherently subject to reliance on judgment and estimates. In performing an analysis of the fair value of the net assets, the Company relied on various valuation methodologies including the cost approach, the market approach and the net assets approach. These approaches included, among other factors, reference to comparable market transactions to value the Condor Project and replacement cost as an indicator of the value of exploration and evaluation assets for which there is no established mineral resource.

(expressed in U.S. dollars)

## 2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Standards issued but not yet effective

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

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

## 3. PLAN OF ARRANGEMENT

On July 9, 2018, the Company announced that its board of directors had unanimously approved a strategic reorganization of its business (the "Arrangement") whereby all of Lumina's concessions and properties, with the exception of the Cangrejos Project, would be spun out to Lumina shareholders through a newly incorporated company, Luminex Resources Corp. The reorganization was effected by way of a plan of arrangement under the *Business Corporations Act* (British Columbia), and was approved by the Supreme Court of British Columbia and by the affirmative vote of 99.9% of Lumina's shareholders in attendance at a shareholders' meeting held on August 21, 2018. The effective date of the Arrangement was August 31, 2018. Lumina's shareholders received common shares of Luminex by way of a share exchange, pursuant to which each existing common share of Lumina was exchanged for one "new" common share of Lumina and 0.15 of a common share of Luminex. Optionholders of Lumina received replacement options of Lumina and options of Luminex which are proportionate to, and reflective of, the terms of their existing options.

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

| | | |
|---|---|---|
| **Assets:** | | |
| Cash | $ | 5,374,676 |
| Receivables | | 36,361 |
| Prepaid expenses | | 30,819 |
| Environmental deposit | | 168,098 |
| Property and equipment | | 902,492 |
| Exploration and evaluation asset | | 47,487,910 |
| **Total assets** | | 54,000,356 |
| **Liabilities / Equity** | | |
| Accounts payable and accrued liabilities | | (515,117) |
| Non-controlling interest | | (2,651,062) |
| **Carrying value of net assets** | | 50,834,177 |
| **Fair value of net assets distributed** | | 38,297,482 |
| **Loss on transfer of spinout assets** | $ | 12,536,695 |

In accordance with IFRIC 17, *Distribution of Non-cash Assets to Owners*, the Company recognized the distribution of net assets to Luminex shareholders at fair value with the difference between that value and the carrying amount of the net assets recognized in the consolidated statement of comprehensive loss.

The Arrangement resulted in a reduction of share capital in the amount of $38,297,482, being the fair value of the net assets distributed. The fair value of the net assets distributed was determined utilizing comparable market transactions to value the Condor Project and a replacement cost approach as an indicator of the value of exploration and evaluation assets where mineral resources have yet to be determined. The loss on distribution includes an adjustment to reduce the carrying value of the Condor Project by $17.8 million.

## 4. CASH

The Group's cash, by currency, at September 30, 2018 and December 31, 2017 was as follows:

| | | September 30, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| Cash at bank and in hand denominated in Canadian dollars | $ | 951,247 | $ | 4,490,943 |
| Cash at bank and in hand denominated in U.S. dollars | | 2,794,864 | | 10,202,040 |
| Cash | $ | 3,746,111 | $ | 14,692,983 |

## 5. RECEIVABLES

| | | September 30, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| Luminex and subsidiaries of Luminex (Note 17) | $ | 7,487 | $ | - |
| Refundable goods and services tax | | 1,713 | | 49,502 |
| Other | | 13,756 | | 30,125 |
| Total receivables | $ | 22,956 | $ | 79,627 |

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.

## 6. PROPERTY AND EQUIPMENT

| | | Land[1] | | Property & Equipment | | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| December 31, 2017 | $ | 1,141,550 | $ | 926,542 | $ | 2,068,092 |
| Additions | | - | | 349,057 | | 349,057 |
| Transfer to Luminex (Note 3) | | (553,032) | | (472,403) | | (1,025,435) |
| September 30, 2018 | $ | 588,518 | $ | 803,196 | $ | 1,391,714 |
| **Accumulated Depreciation** | | | | | | |
| December 31, 2017 | $ | - | $ | 83,692 | $ | 83,692 |
| Depreciation for the period | | - | | 91,835 | | 91,835 |
| Transfer to Luminex (Note 3) | | - | | (122,943) | | (122,943) |
| September 30, 2018 | $ | - | $ | 52,584 | $ | 52,584 |
| **Net book value** | | | | | | |
| December 31, 2017 | $ | 1,141,550 | $ | 842,850 | $ | 1,984,400 |
| September 30, 2018 | $ | 588,518 | $ | 750,612 | $ | 1,339,130 |

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

(expressed in U.S. dollars)

## 7. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

### (a) Exploration and evaluation assets

The Group holds the following mineral exploration project and concession areas in Ecuador:

*Cangrejos*: The Group has six separate mineral concessions located near Machala in southwest Ecuador, collectively known as the "Cangrejos Project" and representing a land area of 6,374 hectares.

*Yawi*: The Group was awarded the Yawi concession area (1,494 hectares) in February 2017. The Company has initiated the process to renounce this concession in Ecuador. There are no costs capitalized with respect to Yawi.

Prior to August 31, 2018, the Group also held the following projects and concession areas which were transferred in the Arrangement with Luminex (see Note 3). Results of operations for these concessions are included in the Group's consolidated statements of comprehensive loss up until the date the Arrangement completed on August 31, 2018. The projects and concessions that were transferred to Luminex included the Condor Project (which also included the Escondida and Santa Elena concessions with effect from January 1, 2018), Pegasus, Tres Picachos, La Canela, Orquideas, Palma Real, Cascas, Quimi and Tarqui.

Initially, the Group obtained the Palma Real, Cascas, Santa Elena, Quimi and Tarqui concessions under an option with Proyectmin S.A. ("Proyectmin"), a related party. On April 18, 2018, the Group acquired Proyectmin for an amount of $35,000 which eliminated the need for the option and brought the ownership of the areas directly under control of the Group. Proyectmin and its concessions were transferred to Luminex as part of the Arrangement.

*First Quantum Minerals Ltd. ("FQM") Earn-in Agreement:* On June 20, 2018, Lumina signed a formal earn-in agreement (the "Earn-in Agreement") with FQM relating to the Orquideas and Cascas concessions (the "Properties"). The Earn-in Agreement was assigned to Luminex under the terms of the Arrangement (see Note 3). Pursuant to the terms of the Earn-in Agreement, Lumina received $100,000 upon signing, which has been recorded as other income (Note 18).

FQM and Lumina also entered into a services agreement (the "Services Agreement") whereby Lumina would act as the manager of the works programs to be conducted under direction of FQM. This Services Agreement was also assigned to Luminex under the terms of the Arrangement. As manager, Lumina was entitled to charge an overhead and recovery fee of 10% of the expenditures incurred on the Properties (see Note 18).

Up to August 31, 2018, FQM reimbursed the Group for expenditures incurred on the Properties, totaling $1,147,182, as detailed in the tables in Note 7(b), described as "cost recovery."

*Anglo American plc ("Anglo American") Earn-in Agreement:* On September 24, 2018, Luminex signed a formal earn-in and joint venture agreement with Anglo American ("the "Anglo Agreement") relating to the Pegasus Project that was transferred to Luminex as part of the Arrangement. Under the terms of the Anglo Agreement, Lumina received a fee of $1.3 million (recorded as other income – Note 18), a recovery fee for certain legal costs of $10,436 (recorded as a reduction to professional fees) and $286,976 relating to reimbursement of costs incurred by Lumina on the Pegasus Project prior to signing the Anglo Agreement and transfer of Pegasus to Luminex pursuant to the Arrangement (recorded as a cost recovery in the tables in Note 7(b)).

*Annual expenditures / Acquisition cost and carrying value:* To maintain its mineral concessions the Group is required to meet certain spending requirements as communicated to the Government of Ecuador. Further details are provided in Note 19.

Carrying value of the Group's Concessions are as follows:

| | | Cangrejos | | Condor | | Total |
|---|---|---|---|---|---|---|
| December 31, 2017 | $ | 1,701,100 | $ | 47,487,910 | $ | 49,189,010 |
| Transfer to Luminex (Note 3) | | - | | (47,487,910) | | (47,487,910) |
| September 30, 2018 | $ | 1,701,100 | $ | - | $ | 1,701,100 |

Costs associated with applications for the Group's concessions acquired via the public tender process in Ecuador were expensed as pre exploration and evaluation expenditures as they were prior to ownership of the concession and there was no certainty, upon application, that a concession would be awarded.

(expressed in U.S. dollars)

## 7. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

### (b) Exploration and evaluation expenditures

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

| | Three months ended September 30, 2018 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cangrejos[2] | Cascas[6] | Condor[3,4,6] | La Canela[6] | Orquideas [6] | Palma Real[6] | Pegasus[6] | Quimi[6] | Tarqui[6] | Tres Picachos[6] | Yawi | **TOTAL** |
| Mineral rights | $ 22,105 | $ - | $ - | $ - | $ - | $ - | $ 810 | $ - | $ - | $ - | $ - | **$ 22,915** |
| Legal fees | 8,371 | 617 | 2,432 | 424 | 4,447 | - | 9,232 | - | 289 | 530 | 655 | **26,997** |
| Assays / Sampling | 120,526 | - | 9,934 | - | 6,287 | - | 11,366 | - | 11,880 | 192 | - | **160,185** |
| Camp | 81,758 | 188 | 98,049 | 6,346 | 39,242 | - | 3,503 | 971 | 12,730 | 6,960 | 224 | **249,971** |
| Camp access and improvements | 662 | - | 32,444 | 2,367 | 654 | - | - | - | - | - | - | **36,127** |
| Drilling | 739,328 | - | - | - | - | - | - | - | - | - | - | **739,328** |
| Engineering | 75,223 | - | - | - | - | - | - | - | - | - | - | **75,223** |
| Environmental, Health & Safety | 49,788 | - | 13,344 | 3,528 | 601 | - | 607 | - | 2,432 | 959 | - | **71,259** |
| Field office | 110,692 | - | 36,531 | 1,572 | 12,009 | - | 17,238 | - | 7,839 | 2,617 | 370 | **188,868** |
| Geological consulting | 126,541 | - | 63,060 | - | 20,006 | - | - | - | 3,768 | 2,885 | - | **216,260** |
| Geological and field staff | 90,279 | - | 37,269 | 23,975 | 19,029 | - | 7,997 | - | 66,561 | 10,526 | - | **255,636** |
| Metallurgical | 6,435 | - | - | - | - | - | - | - | - | - | - | **6,435** |
| Project management[1] | 198,355 | 3,213 | 33,504 | 2,884 | 8,064 | - | 15,081 | - | 5,910 | 3,062 | 2,636 | **272,709** |
| Reports | 3,439 | - | - | - | 23,823 | - | - | - | - | - | - | **27,262** |
| Social and community[1] | 96,897 | 4,123 | 35,146 | 179 | 20,482 | - | 573 | 3,321 | 15,272 | 179 | - | **176,172** |
| Share-based payment (Note 10(a)) | 32,507 | - | 16,519 | - | - | - | - | - | - | - | - | **49,026** |
| Transportation and accommodation | 77,882 | 512 | 43,657 | 7,353 | 17,636 | - | 1,305 | 273 | 11,307 | 5,370 | - | **165,295** |
| Costs incurred during the period | 1,840,788 | 8,653 | 421,889 | 48,628 | 172,280 | - | 67,712 | 4,565 | 137,988 | 33,280 | 3,885 | **2,739,668** |
| Cost Recovery[5] | - | (7,046) | - | - | (155,782) | - | (286,976) | - | - | - | - | **(449,804)** |
| Net costs incurred (recovered) during the period | $ 1,840,788 | $ 1,607 | $ 421,889 | $ 48,628 | $ 16,498 | $ - | $ (219,264) | $ 4,565 | $ 137,988 | $ 33,280 | $ 3,885 | **$ 2,289,864** |
| Cumulative E&E incurred, beginning of period[2] [3] | $ 19,320,024 | $ 119,194 | $ 5,367,301 | $ 127,569 | $ 314,911 | $ 604,701 | $ 2,371,837 | $ 132,129 | $ 322,003 | $ 265,124 | $ 53,492 | **$ 28,998,285** |
| E&E incurred (recovered) during the period | 1,840,788 | 1,607 | 421,889 | 48,628 | 16,498 | - | (219,264) | 4,565 | 137,988 | 33,280 | 3,885 | **2,289,864** |
| Cumulative E&E incurred, end of period | $ 21,160,812 | $ 120,801 | $ 5,789,190 | $ 176,197 | $ 331,409 | $ 604,701 | $ 2,152,573 | $ 136,694 | $ 459,991 | $ 298,404 | $ 57,377 | **$ 31,288,149** |

[1] Project management and social and community costs include payments made to key management personnel (see Note 17).
[2] E&E expenditures have been disclosed on a cumulative basis since January 1, 2004 for the Cangrejos Project.
[3] Costs for the Condor Project incurred since acquisition of Ecuador Gold and Copper Corp. ("EGX") on November 1, 2016.
[4] Costs for Escondida and Santa Elena, which are included in the Condor Project since January 1, 2018, totalled $5,348 for the three months ended September 30, 2018. Cumulative E&E spend on the two areas as at the beginning of the period was $156,843.
[5] Cost recovery represents reimbursement of expenditures by FQM and Anglo American (see Note 7(a)).
[6] Project distributed to Luminex as part of the Arrangement (see Note 3). Costs reported to August 31, 2018.

(expressed in U.S. dollars)

## 7. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

### (b) Exploration and evaluation expenditures (continued)

| | Three months ended September 30, 2017 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cangrejos[2] | Cascas | Condor[3] | Escondida | La Canela | Orquideas | Palma Real | Pegasus | Quimi | Santa Elena | Tarqui | Tres Picachos | Yawi | **TOTAL** |
| Mineral rights | $ 1,921 | $ - | $ 1,074 | $ - | $ - | $ - | $ - | $ 3,754 | $ 2,354 | $ 285 | $ 2,433 | $ - | $ - | **$ 11,821** |
| Legal fees | 89,191 | 1,637 | 19,104 | - | 18 | 2,276 | 4,468 | - | 2,328 | 3,069 | 2,328 | 18 | 22 | **124,459** |
| Assays / Sampling | 102,553 | - | 16,099 | - | - | 16,738 | - | 14,289 | - | 682 | - | 3,133 | 124 | **153,618** |
| Camp | 166,896 | - | 25,449 | - | 1,497 | 27,057 | 5,694 | 6,625 | - | 4,122 | - | - | 434 | **237,774** |
| Camp access and improvements | 4,672 | - | 1,770 | - | - | 1,079 | - | - | - | 1,003 | - | - | - | **8,524** |
| Drilling | 540,035 | - | - | - | - | - | - | - | - | - | - | - | - | **540,035** |
| Engineering | 17,500 | - | - | - | - | - | - | - | - | - | - | | - | **17,500** |
| Environmental, Health & Safety | 19,120 | 1,163 | 280 | 45 | 647 | 938 | 78 | 154 | - | - | - | - | 581 | **23,006** |
| Field office | 141,353 | 183 | 172,675 | - | - | - | - | 2,388 | 11 | 2,773 | 11 | - | - | **319,394** |
| Geological consulting | 52,700 | 2,470 | 55,548 | - | - | 8,999 | 2,470 | 8,999 | - | 1,589 | - | - | - | **132,775** |
| Geological and field staff | 250,939 | - | 182,235 | - | 5,318 | 75,567 | 2,439 | 62,731 | - | 826 | - | 1,015 | 5,802 | **586,872** |
| Metallurgical | 23,218 | | - | - | - | - | | - | - | - | - | - | - | **23,218** |
| Project management[1] | 54,941 | - | 36,012 | - | - | 1,494 | - | - | 4,880 | 4,730 | 4,879 | - | - | **106,936** |
| Social and community[1] | 35,183 | 4,328 | 43,141 | - | 95 | 10 | - | - | 400 | 766 | - | - | - | **83,923** |
| Share-based payment (Note 10(a)) | 26,047 | - | 14,306 | - | - | - | - | - | - | - | - | - | - | **40,353** |
| Transportation and accommodation | 89,543 | 2,710 | 68,454 | 2,216 | 1,239 | 14,459 | 1,916 | 11,138 | 341 | 2,024 | 341 | 272 | 5,123 | **199,776** |
| Costs incurred during the period | $ 1,615,812 | $ 12,491 | $ 636,147 | $ 2,261 | $ 8,814 | $ 148,617 | $ 17,065 | $ 110,078 | $ 10,314 | $ 21,869 | $ 9,992 | $ 4,438 | $ 12,086 | **$ 2,609,984** |
| Cumulative E&E incurred, beginning of period[2] [3] | $12,067,133 | $ 105,118 | $ 1,527,901 | $ 19,875 | $ 62,852 | $ 158,664 | $ 249,167 | $ 1,029,179 | $ 21,530 | $ 59,721 | $ 32,966 | $ 70,131 | $ 18,197 | **$ 15,422,434** |
| E&E incurred during the period | 1,615,812 | 12,491 | 636,147 | 2,261 | 8,814 | 148,617 | 17,065 | 110,078 | 10,314 | 21,869 | 9,992 | 4,438 | 12,086 | **2,609,984** |
| Cumulative E&E incurred, end of period | $13,682,945 | $ 117,609 | $ 2,164,048 | $ 22,136 | $ 71,666 | $ 307,281 | $ 266,232 | $ 1,139,257 | $ 31,844 | $ 81,590 | $ 42,958 | $ 74,569 | $ 30,283 | **$ 18,032,418** |

[1] Project management and social and community costs include payments made to key management personnel (see Note 17).
[2] E&E expenditures have been disclosed on a cumulative basis since January 1, 2004 for the Cangrejos Project.
[3] Costs for the Condor Project incurred since acquisition of EGX on November 1, 2016.

(expressed in U.S. dollars)

## 7. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

### (b) Exploration and evaluation expenditures (continued)

| | Nine months ended September 30, 2018 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cangrejos[2] | Cascas[6] | Condor[3,4,6] | La Canela[6] | Orquideas [6] | Palma Real[6] | Pegasus[6] | Quimi[6] | Tarqui[6] | Tres Picachos[6] | Yawi | **TOTAL** |
| Mineral rights | $ 103,455 | $ 96,591 | $ 93,333 | $ 30,819 | $ 47,526 | $ 191,050 | $ 659,238 | $ 26,656 | $ 47,284 | $ 46,878 | $ 14,481 | **$ 1,357,311** |
| Legal fees | 85,273 | 7,066 | 15,972 | 2,419 | 25,393 | 7,482 | 27,579 | 2,714 | 11,000 | 3,098 | 2,369 | **190,365** |
| Assays / Sampling | 222,245 | - | 85,202 | 626 | 46,720 | - | 40,036 | - | 41,041 | 18,923 | - | **454,793** |
| Camp | 308,705 | 188 | 412,294 | 7,500 | 187,486 | - | 21,807 | 1,593 | 25,712 | 21,141 | 224 | **986,650** |
| Camp access and improvements | 44,719 | - | 77,244 | 2,367 | 1,962 | - | - | - | - | 2,072 | - | **128,364** |
| Drilling | 1,850,046 | - | 113,903 | - | - | - | - | - | - | - | - | **1,963,949** |
| Engineering | 490,463 | - | - | - | - | - | - | - | - | - | - | **490,463** |
| Environmental, Health & Safety | 152,291 | - | 79,783 | 5,228 | 34,254 | 3,600 | 13,578 | - | 2,935 | 3,747 | 2,591 | **298,007** |
| Field office | 326,548 | - | 183,707 | 3,539 | 58,474 | 81 | 74,127 | 4,288 | 23,548 | 11,113 | 1,177 | **686,602** |
| Geological consulting | 400,243 | - | 345,082 | - | 111,616 | - | 9,354 | - | 4,940 | 5,439 | - | **876,674** |
| Geological and field staff | 276,014 | - | 149,549 | 32,931 | 103,079 | - | 222,082 | 17,505 | 153,696 | 26,601 | - | **981,457** |
| Metallurgical | 158,708 | - | - | - | - | - | - | - | - | - | - | **158,708** |
| Project management[1] | 892,806 | 6,586 | 165,177 | 4,571 | 29,839 | 161 | 51,501 | 11,763 | 21,934 | 6,116 | 4,102 | **1,194,556** |
| Reports | 144,695 | - | - | - | 84,618 | - | 1,960 | - | - | - | - | **231,273** |
| Social and community[1] | 253,715 | 11,108 | 128,802 | 253 | 36,419 | - | 573 | 5,078 | 26,888 | 2,156 | - | **464,992** |
| Share-based payment (Note 10(a)) | 80,731 | - | 64,742 | - | - | - | - | - | - | - | - | **145,473** |
| Transportation and accommodation | 274,730 | 1,074 | 235,205 | 9,211 | 121,719 | - | 32,521 | 2,345 | 22,732 | 21,683 | - | **721,220** |
| Costs incurred during the period | 6,065,387 | 122,613 | 2,149,995 | 99,464 | 889,105 | 202,374 | 1,154,356 | 71,942 | 381,710 | 168,967 | 24,944 | **11,330,857** |
| Cost recovery[5] | - | (134,347) | - | - | (1,012,835) | - | (286,976) | - | - | - | - | **(1,434,158)** |
| Net costs incurred (recovered) during the period | $ 6,065,387 | $ (11,734) | $ 2,149,995 | $ 99,464 | $ (123,730) | $ 202,374 | $ 867,380 | $ 71,942 | $ 381,710 | $ 168,967 | $ 24,944 | **$ 9,896,699** |
| Cumulative E&E incurred, beginning of period[2] [3] | $ 15,095,425 | $ 132,535 | $ 3,639,195 | $ 76,733 | $ 455,139 | $ 402,327 | $ 1,285,193 | $ 64,752 | $ 78,281 | $ 129,437 | $ 32,433 | **$ 21,391,450** |
| E&E incurred (recovered) during the period | 6,065,387 | (11,734) | 2,149,995 | 99,464 | (123,730) | 202,374 | 867,380 | 71,942 | 381,710 | 168,967 | 24,944 | **9,896,699** |
| Cumulative E&E incurred, end of period | $ 21,160,812 | $ 120,801 | $ 5,789,190 | $ 176,197 | $ 331,409 | $ 604,701 | $ 2,152,573 | $ 136,694 | $ 459,991 | $ 298,404 | $ 57,377 | **$ 31,288,149** |

(1) Project management and social and community costs include payments made to key management personnel (see Note 17).
(2) E&E expenditures have been disclosed on a cumulative basis since January 1, 2004 for the Cangrejos Project.
(3) Costs for the Condor Project incurred since acquisition of EGX on November 1, 2016.
(4) Costs for Escondida and Santa Elena, which are included in the Condor Project since January 1, 2018, totalled $37,892 for the nine months ended September 30, 2018. Cumulative E&E spend on the two areas as at the beginning of the period was $124,299.
(5) Cost recovery represents reimbursement of expenditures by FQM and Anglo American (see Note 7(a)).
(6) Project distributed to Luminex as part of the Arrangement (see Note 3). Costs reported to August 31, 2018.

(expressed in U.S. dollars)

## 7. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

### (b) Exploration and evaluation expenditures (continued)

| | Nine months ended September 30, 2017 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cangrejos[2] | Cascas | Condor[3] | Escondida | La Canela | Orquideas | Palma Real | Pegasus | Quimi | Santa Elena | Tarqui | Tres Picachos | Yawi | **TOTAL** |
| Mineral rights | $ 54,596 | $ 95,263 | $ 196,214 | $ 12,346 | $ 31,826 | $ 47,158 | $ 190,140 | $ 643,348 | $ 18,841 | $ 7,766 | $ 31,508 | $ 47,621 | $ 12,778 | **$ 1,389,405** |
| Legal fees | 357,108 | 3,038 | 54,054 | 1,098 | 1,130 | 4,474 | 11,949 | 25,853 | 2,328 | 4,271 | 2,328 | 1,146 | 1,430 | **470,207** |
| Assays / Sampling | 164,598 | - | 51,236 | 2,838 | - | 32,143 | 1,689 | 72,382 | - | 1,850 | - | 3,133 | 124 | **329,993** |
| Camp | 382,799 | - | 118,071 | 916 | 2,623 | 45,417 | 11,181 | 42,503 | - | 9,811 | - | 5,862 | 434 | **619,617** |
| Camp access and improvements | 12,674 | - | 1,770 | - | - | 1,079 | - | - | - | 1,003 | - | - | - | **16,526** |
| Drilling | 1,011,313 | - | 3,083 | - | - | - | - | - | - | - | - | - | - | **1,014,396** |
| Engineering | 17,500 | - | - | - | - | - | - | - | - | - | - | - | - | **17,500** |
| Environmental, Health & Safety | 48,600 | 1,163 | 280 | 330 | 701 | 990 | 183 | 801 | 160 | - | 160 | 439 | 581 | **54,388** |
| Field office | 263,533 | 1,022 | 552,982 | 456 | 6,191 | 4,870 | 3,997 | 27,063 | 11 | 3,713 | 11 | 918 | 837 | **865,604** |
| Geological consulting | 176,622 | 2,700 | 106,054 | 230 | 1,152 | 10,846 | 3,046 | 10,846 | 1,152 | 3,436 | - | 1,152 | 1,152 | **318,388** |
| Geological and field staff | 513,926 | - | 415,489 | 856 | 24,708 | 125,809 | 13,734 | 166,894 | - | 34,411 | - | 8,938 | 6,936 | **1,311,701** |
| Metallurgical | 23,218 | - | - | - | - | - | - | - | - | - | - | - | - | **23,218** |
| Project management[1] | 146,754 | 98 | 94,940 | 377 | 1,093 | 8,481 | 766 | 30,231 | 8,482 | 8,481 | 8,481 | 1,541 | 410 | **310,135** |
| Reports | 7,010 | - | 16,425 | - | - | - | - | - | - | - | - | - | - | **23,435** |
| Social and community[1] | 72,403 | 11,327 | 97,253 | 245 | 582 | 884 | 377 | 8,732 | 518 | 884 | 118 | 638 | 256 | **194,217** |
| Share-based payment (Note 10(a)) | 76,927 | - | 45,180 | - | - | - | - | - | - | - | - | - | - | **122,107** |
| Transportation and accommodation | 128,819 | 2,998 | 151,526 | 2,444 | 1,660 | 23,354 | 2,968 | 24,201 | 352 | 5,697 | 352 | 1,405 | 5,345 | **351,121** |
| Costs incurred during the period | $ 3,458,400 | $ 117,609 | $ 1,904,557 | $ 22,136 | $ 71,666 | $ 305,505 | $ 240,030 | $ 1,052,854 | $ 31,844 | $ 81,323 | $ 42,958 | $ 72,793 | $ 30,283 | **$ 7,431,958** |
| Cumulative E&E incurred, beginning of period[2] [3] | $10,224,545 | $ - | $ 259,491 | $ - | $ - | $ 1,776 | $ 26,202 | $ 86,403 | $ - | $ 267 | $ - | $ 1,776 | $ - | **$ 10,600,460** |
| E&E incurred during the period | 3,458,400 | 117,609 | 1,904,557 | 22,136 | 71,666 | 305,505 | 240,030 | 1,052,854 | 31,844 | 81,323 | 42,958 | 72,793 | 30,283 | **7,431,958** |
| Cumulative E&E incurred, end of period | $13,682,945 | $ 117,609 | $ 2,164,048 | $ 22,136 | $ 71,666 | $ 307,281 | $ 266,232 | $ 1,139,257 | $ 31,844 | $ 81,590 | $ 42,958 | $ 74,569 | $ 30,283 | **$ 18,032,418** |

[1] Project management and social and community costs include payments made to key management personnel (see Note 17).
[2] E&E expenditures have been disclosed on a cumulative basis since January 1, 2004 for the Cangrejos Project.
[3] Costs for the Condor Project incurred since acquisition of EGX on November 1, 2016.

(expressed in U.S. dollars)

## 8. NON-CONTROLLING INTEREST ("NCI")

The following table summarizes information related to the Group's non-controlling interest which had a 10% interest in Condormining Corporation S.A. (see Note 17). The NCI was transferred to Luminex on August 31, 2018 as part of the Arrangement (see Note 3):

| | For the three months ended September 30, 2018 | September 30, 2017 |
|---|---|---|
| Net loss and comprehensive loss | $ 17,465,950 | $ 533,050 |
| NCI percentage | 10% | 10% |
| Net loss and comprehensive loss attributable to NCI | $ 1,746,595 | $ 53,305 |

| | For the nine months ended September 30, 2018 | September 30, 2017 |
|---|---|---|
| Net loss and comprehensive loss | $ 18,835,520 | $ 1,467,060 |
| NCI percentage | 10% | 10% |
| Net loss and comprehensive loss attributable to NCI | $ 1,883,552 | $ 146,706 |

The entities subject to a NCI incurred the following cash expenditures during the three and nine months ended September 30, 2018: (i) $322,212 and $1,840,065 on operating activities (three and nine months ended September 30, 2017 - $528,215 and $1,410,016); and (ii) $Nil and $29,719 on investing activities (three and six months ended June 30, 2017 - $3,076 and $19,362).

## 9. SHARE CAPITAL

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

| **Issued and fully paid:** | Number of Common Shares | Amount |
|---|---|---|
| Balance, December 31, 2016 | 231,707,667 | $ 80,441,112 |
| Shares issued on exercise of stock options (a) | 52,162 | 44,587 |
| Shares issued, net of issue costs (b) | 32,258,064 | 14,757,068 |
| Shares issued on exercise of stock options (c) | 10,000 | 4,597 |
| Balance, December 31, 2017 | 264,027,893 | 95,247,364 |
| Shares issued on exercise of stock options (d) | 20,000 | 20,191 |
| Shares issued on exercise of stock options (e) | 10,000 | 10,013 |
| Shares issued on exercise of stock options (f) | 10,000 | 10,019 |
| Shares issued, net of issue costs (g) | 9,730,000 | 5,211,279 |
| Shares issued on exercise of stock options (h) | 12,000 | 5,480 |
| Fair value of net assets distributed (Note 3) | - | (38,297,482) |
| Balance, September 30, 2018 | 273,809,893 | $ 62,206,864 |

(a) In July 2017, 52,162 stock options were exercised at an exercise price of $0.37 (C$0.47) per common share for total proceeds of $19,536. 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 $25,051.

(b) In November 2017, the Company closed a non-brokered private placement of 32,258,064 common shares for proceeds of $14,757,068, net of issue costs of $803,501, which includes finder's fees of up to 6% of the proceeds from certain subscribers.

(c) In December 2017, 10,000 stock options were exercised at an exercise price of $0.24 (C$0.315) per common share for total proceeds of $2,449. 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 $2,148.

(d) In February 2018, 20,000 stock options were exercised at an exercise price of $0.49 (C$0.62) per common share for total proceeds of $9,787. 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 $10,404.

(e) In March 2018, 10,000 stock options were exercised at an exercise price of $0.48 (C$0.62) per common share for total proceeds of $4,811. 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 $5,202.

(expressed in U.S. dollars)

**9. SHARE CAPITAL (continued)**

(f) In April 2018, 10,000 stock options were exercised at an exercise price of $0.48 (C$0.62) per common share for total proceeds of $4,817. 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 $5,202.

(g) In July 2018, the Company closed a non-brokered private placement of 9,730,000 common shares for proceeds of $5,211,279, net of issue costs of $150,834, which includes finder's fees of up to 4% of the proceeds from certain subscribers.

(h) In August 2018, 12,000 stock options were exercised at an exercise price of $0.24 (C$0.285) per common share for total proceeds of $2,903. 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 $2,577.

**10. 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 nine months ended September 30, 2018, the Company granted no stock options (nine months ended September 30, 2017 – 500,000 to an officer at a weighted average exercise price of C$0.90 and expiry date of March 6, 2022). The weighted average fair value of the options granted in the nine months ended September 30, 2017 was estimated at $0.60 per option at the grant date using Black-Scholes. The vesting schedule of the 500,000 of the options was ⅓ on the grant date, ⅓ one year after the grant date and ⅓ two years after the grant date. The fair value used to calculate the compensation expense related to the stock options granted is estimated using Black-Scholes with the following assumptions:

| | Nine months ended September 30, 2017 |
|---|---|
| Risk-free interest rate | 1.04% |
| Expected dividend yield | - |
| Expected stock price volatility | 143% |
| Expected option life in years | 5 |
| Expected rate of forfeiture | 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 to spinout Luminex (see Note 3) option holders of Lumina were granted new options to replace their original Lumina options with an adjustment to the exercise price to reflect the relative exercise price determined in accordance with the Arrangement. This did not change the total number of options outstanding and the Company determined that there was no incremental fair value accruing to option holders. The exercise price of the stock options was amended as follows:

(expressed in U.S. dollars)

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

**(a) Stock option plan (continued)**

| Original Option Exercise Price | New Exercise Price following Arrangement |
|---|---|
| C$0.315 | C$0.28 |
| C$0.47 | C$0.42 |
| C$0.62 | C$0.55 |
| C$0.66 | C$0.58 |
| C$0.80 | C$0.71 |
| C$0.90 | C$0.80 |
| C$0.96 | C$0.85 |

Pursuant to the Company's accounting policy for share-based payments, the fair value of options vesting during the three and nine months ended September 30, 2018, in the amount of $159,470 and $536,119, respectively, (three and nine months ended September 30, 2017 - $177,234 and $629,962) has been recorded in the consolidated statement of comprehensive loss. Of these amounts, $110,444 and $390,646 (2017 periods - $136,881 and $507,855) has been included in fees, salaries and other employee benefits (Note 11) and $49,026 and $145,473 (2017 periods - $40,353 and $122,107) has been expensed to exploration and evaluation expenditures (Note 7(b)).

**(b) Outstanding stock options**

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

| | Nine months ended September 30, 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| | Number of Options | | Weighted Average Exercise Price | Number of Options | | Weighted Average Exercise Price |
| Outstanding, beginning of period | 11,184,610 | C$ | 0.62 | 8,884,120 | C$ | 0.61 |
| Granted | - | C$ | - | 500,000 | C$ | 0.90 |
| Exercised | (52,000) | C$ | 0.55 | (52,162) | C$ | 0.47 |
| Expired | (253,956) | C$ | 0.78* | (267,348) | C$ | 1.12 |
| Outstanding, end of period | 10,878,654 | C$ | 0.55* | 9,064,610 | C$ | 0.61 |

* Exercise price after effect of Arrangement.

The weighted average share price at the date of exercise for share options exercised in the nine months ended September 30, 2018 was $0.61 (2017 – 52,162 options at weighted average share price of $0.57).

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

| Options Outstanding | | | | Options Exercisable | |
|---|---|---|---|---|---|
| Number of Options | Expiry Date | Weighted average life (years) | Exercise Price | Number of Options | Exercise Price |
| 30,000 | November 29, 2018 | 0.16 | C$0.55* | 30,000 | C$0.55* |
| 20,000 | December 31, 2018 | 0.25 | C$0.71* | 20,000 | C$0.71* |
| 10,000 | December 31, 2018 | 0.25 | C$0.58* | 10,000 | C$0.58* |
| 3,740,000 | September 12, 2019 | 0.95 | C$0.55* | 3,740,000 | C$0.55* |
| 1,375,000 | December 4, 2020 | 2.18 | C$0.28* | 1,375,000 | C$0.28* |
| 1,173,654 | April 20, 2021 | 2.56 | C$0.42* | 1,173,654 | C$0.42* |
| 1,940,000 | December 30, 2021 | 3.25 | C$0.71* | 1,310,005 | C$0.71* |
| 500,000 | March 6, 2022 | 3.43 | C$0.80* | 333,334 | C$0.80* |
| 2,090,000 | December 7, 2022 | 4.19 | C$0.58* | 688,342 | C$0.58* |
| 10,878,654 | | 2.42 | C$0.55* | 8,680,335 | C$0.53* |

* Exercise price after effect of Arrangement.

(expressed in U.S. dollars)

## 11. FEES, SALARIES AND OTHER EMPLOYEE BENEFITS

| | Three months ended September 30, 2018 | Three months ended September 30, 2017 | Nine months ended September 30, 2018 | Nine months ended September 30, 2017 |
|---|---|---|---|---|
| Fees and salaries | $ 226,706 | $ 164,920 | $ 605,560 | $ 475,400 |
| Share-based payments (Note 10(a)) | 110,444 | 136,881 | 390,646 | 507,855 |
| Fees, salaries and other employee benefits | $ 337,150 | $ 301,801 | $ 996,206 | $ 983,255 |

## 12. LOSS PER SHARE

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

| | Three months ended September 30, 2018 | Three months ended September 30, 2017 |
|---|---|---|
| Net loss attributed to owners of the Company | $ 12,576,753 | $ 3,006,174 |
| Weighted average number of common shares outstanding (basic and diluted) | 271,055,154 | 231,747,922 |
| Loss per share – basic and diluted | $ 0.05 | $ 0.01 |

| | Nine months ended September 30, 2018 | Nine months ended September 30, 2017 |
|---|---|---|
| Net loss attributed to owners of the Company | $ 21,704,623 | $ 8,953,520 |
| Weighted average number of common shares outstanding (basic and diluted) | 266,411,439 | 231,721,233 |
| Loss per share – basic and diluted | $ 0.08 | $ 0.04 |

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 10) were anti-dilutive for the three and nine months ended September 30, 2018 and 2017.

## 13. CAPITAL RISK MANAGEMENT

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

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

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure the Company may issue new common shares. In order to facilitate analysis and management of its capital requirements, the Company prepares and updates annual budgets (as needed) to ensure that its acquisition and exploration operations can continue to progress. Budgets, once finalized, are approved by the Board of Directors. 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.

(expressed in U.S. dollars)

## 14. FINANCIAL INSTRUMENTS

### (a) Categories of financial assets and financial liabilities

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

| | Note | Category | | September 30, 2018 | | December 31, 2017 |
|---|---|---|---|---|---|---|
| Cash | 4 | Amortized cost | $ | 3,746,111 | $ | 14,692,983 |
| Receivables | 5 | Amortized cost | | 21,243 | | 30,125 |
| Environmental deposits | | Amortized cost | | 29,622 | | 192,223 |
| Accounts payable and accrued liabilities | | Amortized cost | | 628,937 | | 1,138,168 |

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

### (b) Fair Value Measurements

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

## 15. FINANCIAL INSTRUMENT RISKS

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

### (a) Credit Risk

The Group considers that its cash, receivables and environmental deposits are exposed to credit risk, representing maximum exposure of $3,796,976 (December 31, 2017 - $14,915,331). Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk on its cash is minimized by maintaining these assets with high-credit quality financial institutions. At September 30, 2018, the Group's cash and cash equivalents were held at two financial institutions (December 31, 2017 – four 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 September 30, 2018, the Group's current liabilities consisted of trade and other payables of $628,937 which are due primarily within three months from the period end. The Group's cash of $3,746,111 at September 30, 2018, was sufficient to pay for the current liabilities.

### (c) Market Risks

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

*Interest Rate Risk*

Interest rate risk is the risk that the future cash flows and fair values of the Group will fluctuate because of changes in market interest rates. Based on the Group's cash as at September 30, 2018 and December 31, 2017, 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, $37,000 and $147,000 respectively, in the Group's interest income on an annual basis.

## 15. FINANCIAL INSTRUMENT RISKS (continued)

### (c) Market Risks (continued)

*Currency Risk*

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

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

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

| Financial Instrument Type | | U.S. Dollar | Currency | | +/- 1% Fluctuation | |
|---|---|---|---|---|---|---|
| Cash | $ | 951,247 | CAD dollar | $ | 9,512 | (9,512) |
| Accounts payable and accrued liabilities | | (65,751) | CAD dollar | | (658) | 658 |
| Total | $ | 885,496 | | $ | 8,854 | (8,854) |

*Other Price Risk*

The Group did not hold any financial instruments that had direct exposure to other price risks at September 30, 2018 and December 31, 2017.

## 16. SEGMENTED DISCLOSURE

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

## 17. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS

*Information about subsidiaries*

The consolidated financial statements include the following material subsidiaries:

| | Country of Incorporation | % Equity interest at September 30, 2018 | % Equity interest at December 31, 2017 |
|---|---|---|---|
| Odin Mining del Ecuador S.A. | Ecuador | 100 | 100 |
| Condormining Corporation S.A. | Ecuador | - | 90 |

(expressed in U.S. dollars)

## 17. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS (continued)

*Related party expenses and balances*

In addition to the related party transactions describe elsewhere in these interim financial statements with Luminex related to the Arrangement (Note 3) and the FQM and Anglo American Earn-in Agreements (Note 7(a)), the Group incurred the following expenses with related parties:

| | | Three months ended September 30, | |
|---|---|---|---|
| Company | Nature of transactions | 2018 | 2017 |
| Miedzi Copper Corp. | E&E (geological) | $ 15,372 | $ 8,488 |
| Miedzi Copper Corp. | G&A | 27,253 | 16,270 |
| Miedzi Copper Corp. | Fees | 101,852 | 65,497 |
| Mozow Copper Sp. z o. o. | E&E (field office) | 847 | - |
| Hathaway Consulting Ltd. | Fees | 30,492 | 36,228 |
| Koval Management Inc. | Fees | 38,336 | 43,209 |
| La Mar Consulting Inc. | E&E (social and community) | 50,166 | 30,063 |
| Lyle E Braaten Law Corp. | Fees | 20,331 | 10,278 |
| Proyectmin S.A.[1] | E&E (field office) | - | 25,026 |
| Zen Capital & Mergers Ltd. | Fees | - | 1,220 |
| | | $ 284,649 | $ 236,279 |

| | | Nine months ended September 30, | |
|---|---|---|---|
| Company | Nature of transactions | 2018 | 2017 |
| Miedzi Copper Corp. | E&E (geological) | $ 58,748 | $ 30,348 |
| Miedzi Copper Corp. | G&A | 90,262 | 51,835 |
| Miedzi Copper Corp. | Fees | 250,932 | 177,549 |
| Mozow Copper Sp. z o. o. | E&E (field office) | 2,244 | - |
| Hathaway Consulting Ltd. | Fees | 105,664 | 105,483 |
| Koval Management Inc. | Fees | 125,596 | 124,498 |
| La Mar Consulting Inc. | E&E (social and community) | 112,056 | 90,189 |
| Lyle E Braaten Law Corp. | Fees | 41,781 | 30,073 |
| Proyectmin S.A.[1] | E&E (field office) | 3,173 | 98,582 |
| Zen Capital & Mergers Ltd. | Fees | 2,291 | 3,453 |
| | | $ 792,747 | $ 712,010 |

[1] As disclosed in Note 7(a), Proyectmin was acquired on April 18, 2018. As a wholly-owned subsidiary of the Group it was no longer considered a related party as intercompany transactions and balances are eliminated on consolidation. On August 31, 2018, Proyectmin was transferred as part of the Arrangement with Luminex so is considered a related party for transactions occurring from that date forward.

Miedzi Copper Corp. (“Miedzi”) 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. 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 September 30, 2018, the following amounts were included in accounts payable: (i) $3,086 to a subsidiary of Luminex, relating to an amount payable prior to the Arrangement to spin-out Luminex; (ii) $Nil owing to Mozow (December 31, 2017 - $675); and (iii) $Nil owing to Proyectmin S.A. (December 31, 2017 - $1,883).

At September 30, 2018, the following amounts were included in accounts receivable: (i) $5,431 from Luminex; (ii) $138 from Luminex Services Ecuador LS-EC S.A. (“Luminex Services”); and (iii) $1,918 from Proyectmin. These amounts relate to expense reimbursements and transactions that occurred prior to the completion of the Arrangement to spinout Luminex on August 31, 2018. Luminex Services is a wholly-owned subsidiary of Luminex.

(expressed in U.S. dollars)

## 17. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS (continued)

*Key management personnel compensation*

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

| | Three months ended September 30, 2018 | Three months ended September 30, 2017 | Nine months ended September 30, 2018 | Nine months ended September 30, 2017 |
|---|---|---|---|---|
| Short-term benefits (i) | $ 238,422 | $ 221,241 | $ 701,379 | $ 639,262 |
| Share-based payments (ii) | - | - | - | 299,548 |
| Total remuneration | $ 238,422 | $ 221,241 | $ 701,379 | $ 938,810 |

(i) Short-term benefits include fees and salaries, including where those costs have been allocated to E&E expenditures (see Note 7(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 10(a)), including where those amounts have been allocated to E&E expenditures.
(iii) Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the periods ended September 30, 2018 and 2017.

## 18. INTEREST INCOME AND OTHER

Interest income and other consists of the following components for the periods reported:

| | Three months ended September 30, 2018 | Three months ended September 30, 2017 | Nine months ended September 30, 2018 | Nine months ended September 30, 2017 |
|---|---|---|---|---|
| FQM Signing Bonus (Note 7(a)) | $ - | $ - | $ 100,000 | $ - |
| FQM Services Agreement fee (Note 7(a)) | 26,981 | - | 105,417 | - |
| Anglo American fee (Note 7(a)) | 1,300,000 | - | 1,300,000 | - |
| Interest - bank / environmental deposits | 4,790 | 3,564 | 12,858 | 11,081 |
| Other | - | - | 140 | 7,695 |
| | $ 1,331,771 | $ 3,564 | $ 1,518,415 | $ 18,776 |

## 19. COMMITMENTS AND CONTINGENT LIABILITIES

*Commitments*

As at September 30, 2018, the Group has entered into agreements that include rental of office space and infrastructure improvements for various project areas that require minimum payments in the aggregate as follows:

| | |
|---|---|
| Within one year | $ 14,000 |
| After one year but not more than five years | - |
| More than five years | - |
| | $ 14,000 |

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

(a) New concessions granted to the Group as part of the public tender process (see Note 7(a)) require minimum expenditures per year (commencing on the registration date of the concession with the Government of Ecuador) of $5 per hectare for each of Years 1 and 2 and $10 per hectare for each of Years 3 and 4. Following the Arrangement with Luminex (see Note 3), the only concessions that remain in the Group, and that were obtained by tender, are Cangrejos 20 and Yawi.

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

(expressed in U.S. dollars)

## 19. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

*Commitments (continued)*

(b) When applying for new concessions via the public tender process in Ecuador, the Group, either directly or under option agreement, presented its investment offers for each concession. The investment offer represents the total amount that is required to be spent in order to maintain possession of the concession area at the end of the four-year investment period required by the Government of Ecuador. These amounts would include any expenditures as noted in (a) above.

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

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

| | | |
|---|---|---|
| Year ended December 31, 2018 | $ | 1,212,000 |
| Year ended December 31, 2019 | | 14,000 |
| By December 15, 2020 (the 4-year anniversary of Cangrejos 20's grant date) | | 5,330,000 |
| By March 14, 2021 (the 4-year anniversary of Yawi's grant date) | | 930,000 |
| | $ | 7,486,000 |

Amounts in the table above have not been adjusted for expenditures in the nine months ended September 30, 2018. As disclosed in Note 7(b), the Group has incurred E&E expenditures of approximately $6 million on Cangrejos and $25,000 on Yawi (excluding share-based payment) during the nine months ended September 30, 2018. Final expenditure amounts are reported to the Government of Ecuador following the end of the fiscal year and may vary per project from the disclosures in the Group's consolidated financial statements due to in-country allocation of field office expenses.

*Contingent liabilities*

At September 30, 2018, the Group has a contingent liability of up to $1.2 million relating to the transfer of mineral concessions to Luminex prior to the Arrangement. The contingent liability relates to deposits paid by Luminex to the Group to allow for the transfer of legal title of certain mineral concessions from the Group to Luminex.

## 20. 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 November 27, 2018, the Company closed a short form prospectus offering of 19,320,000 common shares at a price of C$0.56 per share and a non-brokered private placement for a total of 16,400,000 common shares at a price of C$0.56 per share for aggregate gross proceeds of approximately C$20 million. In connection with the private placements, an agents' commission of C$649,152 and finder's fees totalling C$40,006 were paid.

(b) On November 5, 2018, Lumina entered into an agency agreement with Miedzi Copper Corp. and Luminex to facilitate transactions between the entities and provide clarity around ongoing G&A costs in the case of withdrawal from the agency agreement, including provisions for rent of premises and personnel costs.