# LUMINA GOLD CORP.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**June 30, 2021**

**(Unaudited)**

**TSX-V: LUM**

www.luminagold.com

## NOTICE OF NO AUDITOR REVIEW

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended June 30, 2021 and 2020 have not been reviewed by the Company's external auditors.

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

Unaudited

(expressed in U.S. dollars)

| | Note | June 30, 2021 | December 31, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | 3 | $ 112,359 | $ 535,781 |
| Other receivables | 4 | 43,682 | 53,889 |
| Prepaid expenses | | 48,642 | 71,467 |
| **Total current assets** | | 204,683 | 661,137 |
| **Non-current assets** | | | |
| Environmental deposit | | 49,953 | - |
| Property and equipment | 5 | 3,952,383 | 4,042,629 |
| Exploration and evaluation asset | 6(a) | 1,701,100 | 1,701,100 |
| **Total assets** | | $ 5,908,119 | $ 6,404,866 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | | $ 165,516 | $ 142,787 |
| Current portion of lease obligations | 5 | 18,684 | 38,325 |
| Standby loan | 7 | 3,803,861 | 1,415,963 |
| **Total liabilities** | | 3,988,061 | 1,597,075 |
| **EQUITY** | | | |
| Share capital | 8 | 88,166,167 | 88,026,357 |
| Share-based payment reserve | | 6,427,746 | 6,176,775 |
| Accumulated deficit | | (92,673,855) | (89,395,341) |
| **Total equity** | | 1,920,058 | 4,807,791 |
| **Total liabilities and equity** | | $ 5,908,119 | $ 6,404,866 |

Going concern (Note 2(b))
Commitments and contingent liability (Note 17)
Post-reporting date events (Note 18)

APPROVED BY THE DIRECTORS

*"Marshall Koval"*
Director

*"Donald Shumka"*
Director

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

**For the three and six months ended June 30, 2021 and 2020**

Unaudited

(expressed in U.S. dollars)

| | | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | **Note** | **2021** | **2020** | **2021** | **2020** |
| **Expenses** | | | | | |
| Exploration and evaluation expenditures | 6(b), 16 | $ 933,572 | $ 1,427,724 | $ 2,095,598 | $ 3,383,908 |
| Fees, salaries and other employee benefits | 10, 16 | 281,351 | 305,813 | 558,249 | 626,690 |
| General and administration ("G&A") | 16 | 56,625 | 64,147 | 253,778 | 193,609 |
| Professional fees | | 23,442 | 30,770 | 127,108 | 124,134 |
| Insurance | | 18,382 | 9,233 | 25,273 | 14,381 |
| | | (1,313,372) | (1,837,687) | (3,060,006) | (4,342,722) |
| **Other income (expenses)** | | | | | |
| Interest income and other | | 642 | 2,232 | 984 | 12,077 |
| Interest and financing expense | | (93,929) | (1,299) | (153,806) | (2,778) |
| Foreign exchange (loss) gain | | (31,791) | 12,623 | (65,686) | (31,717) |
| | | (125,078) | 13,556 | (218,508) | (22,418) |
| **Net loss and comprehensive loss for the period** | | $ (1,438,450) | $ (1,824,131) | $ (3,278,514) | $ (4,365,140) |
| Loss per share – basic and diluted | 11 | $ (0.01) | $ (0.01) | $ (0.01) | $ (0.01) |
| Weighted average number of shares outstanding – basic and diluted | 11 | 333,810,257 | 331,277,629 | 333,775,861 | 331,275,761 |

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

**For the six months ended June 30, 2021 and 2020**

Unaudited

(expressed in U.S. dollars)

| | Note | Six months ended June 30, 2021 | 2020 |
|---|---|---|---|
| **Operating activities** | | | |
| Loss for the period | | $ (3,278,514) | $ (4,365,140) |
| Adjustment for non-cash items: | | | |
| Depreciation | 5 | 90,246 | 95,691 |
| Environmental deposit interest earned | | (480) | (1,057) |
| Unrealized foreign exchange on standby loan | 7 | 68,246 | - |
| Share-based payment | 9(a) | 312,067 | 446,176 |
| Deduct: interest income | | (499) | (8,724) |
| Add: interest and financing expense | | 153,806 | 2,778 |
| Net changes in non-cash working capital items: | | | |
| Other receivables | | 10,207 | 34,125 |
| Prepaid expenses | | 22,825 | 46,156 |
| Accounts payable and accrued liabilities | | 22,729 | (117,785) |
| **Net cash utilized in operating activities** | | (2,599,367) | (3,867,780) |
| **Investing activities** | | | |
| Payment of environmental deposit | | (49,473) | - |
| Expenditures on property and equipment | | - | (503,100) |
| Interest received | | 499 | 8,724 |
| **Net cash utilized in investing activities** | | (48,974) | (494,376) |
| **Financing activities** | | | |
| Payment of lease obligations | 5 | (19,641) | (16,649) |
| Interest paid re lease obligations | 5 | (1,353) | (2,778) |
| Standby loan proceeds | 7 | 2,189,090 | - |
| Standby loan fees paid | 7 | (21,891) | - |
| Shares issued on exercise of stock options | 8 | 78,714 | 17,403 |
| **Net cash provided by (utilized in) financing activities** | | 2,224,919 | (2,024) |
| Decrease in cash and cash equivalents | | (423,422) | (4,364,180) |
| Cash and cash equivalents, beginning of period | | 535,781 | 6,247,867 |
| **Cash and cash equivalents, end of period** | 3 | $ 112,359 | $ 1,883,687 |

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

**For the six months ended June 30, 2021 and 2020**

Unaudited

(expressed in U.S. dollars)

| | Note | Share Capital Number of shares | Share Capital Amount | Share-based Payment Reserve | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|
| **Balance**, December 31, 2019 | | 331,273,893 | $ 86,719,445 | $ 5,601,065 | $ (81,422,506) | $ 10,898,004 |
| Exercise of stock options | 8 | 85,000 | 35,655 | (18,252) | - | 17,403 |
| Share-based payment | 9(a) | - | - | 446,176 | - | 446,176 |
| Comprehensive loss | | - | - | - | (4,365,140) | (4,365,140) |
| **Balance**, June 30, 2020 | | 331,358,893 | $ 86,755,100 | $ 6,028,989 | $ (85,787,646) | $ 6,996,443 |
| **Balance**, December 31, 2020 | | 333,616,428 | $ 88,026,357 | $ 6,176,775 | $ (89,395,341) | $ 4,807,791 |
| Exercise of stock options | 8 | 193,829 | 139,810 | (61,096) | - | 78,714 |
| Share-based payment | 9(a) | - | - | 312,067 | - | 312,067 |
| Comprehensive loss | | - | - | - | (3,278,514) | (3,278,514) |
| **Balance**, June 30, 2021 | | 333,810,257 | $ 88,166,167 | $ 6,427,746 | $ (92,673,855) | $ 1,920,058 |

## 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.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 its mineral property 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 six months ended June 30, 2021 and 2020, 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, 2020 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 August 18, 2021.

### (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. As at June 30, 2021, the Group has a working capital deficiency of $3,783,378, has incurred cumulative losses of $92,673,855 and has reported a net loss of $3,278,514 for the six months ended June 30, 2021. The ability of the Group to continue as a going concern is dependent upon obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the 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 it will be able to meet its short term liquidity needs and continue as a going concern for the foreseeable future on the basis of its access to the remaining available amount under the standby loan provided by a shareholder, as further described in Notes 7 and 18, and the Group's historical and anticipated ability to raise additional financing to further advance the Company's Cangrejos Project. However, the Group will continue to incur losses in the development of its mineral exploration project and, as noted above, the Group will require additional funding in the near future, including to repay the standby loan.

The COVID-19 pandemic continues to impact world affairs. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

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, 2020. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements.

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

### (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.

*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 6(a).

*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.

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

The Group has not early adopted any amendment, standard or interpretation that has been issued by the IASB but that is not yet effective, nor has it identified any such standard or interpretation that is expected to have a material impact on the Group's consolidated financial statements.

## 3. CASH

The Group's cash, by currency, at June 30, 2021 and December 31, 2020 was as follows:

| | | June 30, 2021 | | December 31, 2020 |
|---|---|---|---|---|
| Cash at bank and in hand denominated in Canadian dollars | $ | 61,429 | $ | 221,956 |
| Cash at bank and in hand denominated in U.S. dollars | | 50,930 | | 313,825 |
| | $ | 112,359 | $ | 535,781 |

## 4. OTHER RECEIVABLES

| | | June 30, 2021 | | December 31, 2020 |
|---|---|---|---|---|
| Refundable goods and services tax | $ | 7,710 | $ | 19,332 |
| Other | | 35,972 | | 34,557 |
| | $ | 43,682 | $ | 53,889 |

All amounts are short-term and the net carrying value of other 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 other receivables. The Group's other receivables are all considered current and are not past due. The Group does not hold any collateral related to these assets.

(expressed in U.S. dollars)

## 5. PROPERTY AND EQUIPMENT AND LEASE OBLIGATIONS

| | Land[1] | Property & Equipment | Right-of-use assets | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| December 31, 2020 and June 30, 2021 | $ 2,708,805 | $ 1,669,701 | $ 106,873 | $ 4,485,379 |
| **Accumulated Depreciation** | | | | |
| December 31, 2020 | $ - | $ 371,177 | $ 71,573 | $ 442,750 |
| Depreciation for the period | - | 71,726 | 18,520 | 90,246 |
| June 30, 2021 | $ - | $ 442,903 | $ 90,093 | $ 532,996 |
| **Net book value** | | | | |
| December 31, 2020 | $ 2,708,805 | $ 1,298,524 | $ 35,300 | $ 4,042,629 |
| June 30, 2021 | $ 2,708,805 | $ 1,226,798 | $ 16,780 | $ 3,952,383 |

[1] The Company has purchased various small local farmlands 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.

*Right-of-use ("ROU") assets*

The Group has recognized ROU assets in relation to leases for office space and warehouses in Ecuador. The ROU assets were recognized based on the amount equal to the lease liability.

*Lease obligations*

A continuity of the lease liability for the six months ended June 30, 2021 is as follows:

| | |
|---|---|
| December 31, 2020 | $ 38,325 |
| Interest accretion | 1,353 |
| Lease payments | (20,994) |
| June 30, 2021 | $ 18,684 |

Minimum lease payments in respect of lease obligations and the effect of discounting are as follows at June 30, 2021:

| | |
|---|---|
| Undiscounted minimum lease payments | |
| Within one year | $ 19,168 |
| Between one to two years | - |
| Total undiscounted lease obligations | 19,168 |
| Less: future interest charges | (484) |
| Total discounted lease obligations | 18,684 |
| Less: current portion of lease obligations | (18,684) |
| Non-current portion of lease obligations | $ - |

The weighted average rate applied in calculating the lease liabilities was approximately 9%.

(expressed in U.S. dollars)

## 6. 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 ten contiguous mineral concessions (December 31, 2020 – ten) located near Machala in southwest Ecuador, collectively known as the “Cangrejos Project” and representing a land area of 6,373 hectares. The Group has been through a process to subdivide its mineral concessions prior to then seeking to amalgamate the core concessions that comprise the Cangrejos Project.

*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. The 2021 commitment related to such spending had been satisfied as at June 30, 2021.

The carrying value of the Group’s Cangrejos Project at June 30, 2021 is $1,701,100 (December 31, 2020 - $1,701,100).

### (b) Exploration and evaluation expenditures

The Group’s exploration and evaluation expenditures (“E&E”) on its Cangrejos Project for the three and six months ended June 30, 2021 and 2020 are as follows:

| | Three months ended June 30, 2021 | Three months ended June 30, 2020 |
|---|---|---|
| Assays / Sampling | $ 750 | $ - |
| Camp | 154,453 | 138,661 |
| Camp access and improvements | 11,269 | 5,322 |
| Engineering | 19,329 | 320,677 |
| Environmental, Health & Safety | 79,276 | 70,743 |
| Field office | 75,129 | 85,791 |
| Geological consulting | 87,939 | 122,120 |
| Geological and field staff | 4,661 | 5,235 |
| Legal fees | 21,355 | 15,459 |
| Metallurgical | - | 90,613 |
| Mineral rights and property fees | 101,591 | - |
| Project management [1] | 146,718 | 311,147 |
| Reports | - | 34,760 |
| Social and community [1] | 120,728 | 122,522 |
| Share-based payment (Note 9(a)) | 45,446 | 69,797 |
| Transportation and accommodation | 64,928 | 34,877 |
| Costs incurred during the period | $ 933,572 | $ 1,427,724 |
| Cumulative E&E incurred, beginning of period [2] | $ 44,568,183 | $ 39,687,642 |
| E&E incurred during the period | 933,572 | 1,427,724 |
| Cumulative E&E incurred, end of period | $ 45,501,755 | $ 41,115,366 |

[1] Expenses classified and recorded as project management and social and community costs include key management personnel costs (see Note 16).
[2] E&E expenditures have been disclosed on a cumulative basis since January 1, 2004.

(expressed in U.S. dollars)

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

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

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | | 2021 | | 2020 |
| Assays / Sampling | $ | 3,340 | $ | 1,767 |
| Camp | | 313,257 | | 292,931 |
| Camp access and improvements | | 39,842 | | 40,623 |
| Engineering | | 72,762 | | 791,540 |
| Environmental, Health & Safety | | 269,815 | | 203,030 |
| Field office | | 154,578 | | 178,154 |
| Geological consulting | | 165,938 | | 350,540 |
| Geological and field staff | | 9,900 | | 10,180 |
| Legal fees | | 122,848 | | 57,168 |
| Metallurgical | | - | | 202,670 |
| Mineral rights and property fees | | 166,153 | | 64,561 |
| Project management [1] | | 315,420 | | 617,161 |
| Reports | | - | | 39,520 |
| Social and community [1] | | 224,005 | | 228,747 |
| Share-based payment (Note 9(a)) | | 90,393 | | 139,589 |
| Transportation and accommodation | | 147,347 | | 165,727 |
| Costs incurred during the period | $ | 2,095,598 | $ | 3,383,908 |
| Cumulative E&E incurred, beginning of period [2] | $ | 43,406,157 | $ | 37,731,458 |
| E&E incurred during the period | | 2,095,598 | | 3,383,908 |
| Cumulative E&E incurred, end of period | $ | 45,501,755 | $ | 41,115,366 |

[1] Expenses classified and recorded as project management and social and community costs include key management personnel costs (see Note 16).
[2] E&E expenditures have been disclosed on a cumulative basis since January 1, 2004.

## 7. STANDBY LOAN

On October 28, 2020, the Company entered into an unsecured credit agreement (the “Standby Loan”) with Ross Beaty, a shareholder of the Company, wherein he would make available up to C$5 million that could be used by the Company for general corporate and working capital purposes. On November 2, 2020, the Company drew C$500,000 of the Standby Loan with further draws of C$750,000 on December 14, 2020, C$600,000 on December 23, 2020, C$1,000,000 on February 1, 2021, C$500,000 on March 1, 2021, C$500,000 on April 1, 2021, C$400,000 on May 3, 2021 and C$350,000 on June 1, 2021. The loan bears interest at 8% per annum and is subject to a drawdown fee of 1% (on each draw made) and standby fee of 1% of the total facility (due at the time of the initial draw on the facility). The principal and accrued interest is payable upon the earlier of (i) September 30, 2021; (ii) two business days after the Company receives aggregate gross proceeds from one or more equity financings in excess of C$10 million; or (iii) the date of a change of control of the Company. The Company may prepay the Standby Loan in whole at any time before maturity without notice or penalty.

To June 30, 2021, the Company has incurred drawdown and standby fee costs totalling C$96,000 in respect to the Standby Loan, which have been included in the carrying value of the Standby Loan and are amortized using effective interest rates ranging from 10.3% to 12.2%.

The following is a summary of the changes in loans and borrowings arising from investing and financing activities for the six months ended June 30, 2021:

| | | |
|---|---|---|
| Balance, December 31, 2020 | $ | 1,415,963 |
| Draws on standby loan, net of deferred financing costs | | 2,167,199 |
| Accretion and accrued interest | | 152,453 |
| Unrealized foreign exchange expense | | 68,246 |
| Balance, June 30, 2021 | $ | 3,803,861 |

(expressed in U.S. dollars)

## 8. SHARE CAPITAL

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

| Issued and fully paid: | Number of Common Shares | | Amount |
|---|---|---|---|
| Balance, December 31, 2019 | 331,273,893 | $ | 86,719,445 |
| Shares issued on exercise of stock options (a) | 85,000 | | 35,655 |
| Balance, June 30, 2020 | 331,358,893 | $ | 86,755,100 |
| Balance, December 31, 2020 | 333,616,428 | $ | 88,026,357 |
| Shares issued on exercise of stock options (b) | 193,829 | | 139,810 |
| Balance, June 30, 2021 | 333,810,257 | $ | 88,166,167 |

(a) In June 2020, 85,000 stock options were exercised at an exercise price of $0.20 (C$0.28) per common share for total proceeds of $17,403. The previously recognized share-based payment expense relating to these stock options was reclassified from share-based payment reserve to share capital in the amount of $18,252.

(b) During the three months ended March 31, 2021, 193,829 stock options were exercised at a weighted average exercise price of $0.41 (C$0.52) per common share for total proceeds of $78,714. 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 $61,096.

## 9. 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.

The Company granted no stock options during the six months ended June 30, 2021 and 2020.

Pursuant to the Company's accounting policy for share-based payments, the fair value of options vesting during the three and six months ended June 30, 2021, in the amounts of $156,356 and $312,067 (three and six months ended June 30, 2020 - $222,807 and $446,176) have been recorded in the consolidated statement of comprehensive loss. Of these amounts, $110,910 and $221,674 (2020 periods - $153,010 and $306,587) have been included in fees, salaries and other employee benefits (Note 10) and $45,446 and $90,393 (2020 periods - $69,797 and $139,589) have been expensed to exploration and evaluation expenditures (Note 6(b)).

### (b) Outstanding stock options

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

| | Three months ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| | Number of Options | | Weighted Average Exercise Price | Number of Options | | Weighted Average Exercise Price |
| Outstanding, beginning of period | 21,662,290 | C$ | 0.61 | 19,458,654 | C$ | 0.55 |
| Exercised | - | C$ | - | (85,000) | C$ | 0.28 |
| Outstanding, end of period | 21,662,290 | C$ | 0.61 | 19,373,654 | C$ | 0.55 |

(expressed in U.S. dollars)

## 9. SHARE-BASED PAYMENTS (continued)

### (b) Outstanding stock options (continued)

| | Six months ended June 30, 2021 | | | Six months ended June 30, 2020 | | |
|---|---|---|---|---|---|---|
| | Number of Options | | Weighted Average Exercise Price | Number of Options | | Weighted Average Exercise Price |
| Outstanding, beginning of period | 21,856,119 | C$ | 0.61 | 19,458,654 | C$ | 0.55 |
| Exercised | (193,829) | C$ | 0.52 | (85,000) | C$ | 0.28 |
| Outstanding, end of period | 21,662,290 | C$ | 0.61 | 19,373,654 | C$ | 0.55 |

The weighted average share price at the date of exercise for share options exercised in the six months ended June 30, 2021 was $0.65.

At June 30, 2021, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

| June 30, 2021 Options Outstanding | | | | | Options Exercisable | | |
|---|---|---|---|---|---|---|---|
| Number of Options | Expiry Date | Weighted average life (years) | Exercise Price | | Number of Options | Exercise Price | |
| 1,121,492 | July 14, 2021 | 0.04 | C$ | 0.42 | 1,121,492 | C$ | 0.42 |
| 1,740,000 | December 30, 2021 | 0.50 | C$ | 0.71 | 1,740,000 | C$ | 0.71 |
| 500,000 | March 6, 2022 | 0.68 | C$ | 0.80 | 500,000 | C$ | 0.80 |
| 1,905,000 | December 7, 2022 | 1.44 | C$ | 0.58 | 1,905,000 | C$ | 0.58 |
| 4,689,133 | December 4, 2023 | 2.43 | C$ | 0.56 | 4,689,133 | C$ | 0.56 |
| 6,791,665 | October 11, 2024 | 3.28 | C$ | 0.54 | 4,398,340 | C$ | 0.54 |
| 4,915,000 | November 25, 2025 | 4.41 | C$ | 0.75 | 1,627,924 | C$ | 0.75 |
| 21,662,290 | | 2.74 | C$ | 0.61 | 15,981,889 | C$ | 0.59 |

## 10. FEES, SALARIES AND OTHER EMPLOYEE BENEFITS

| | Three months ended June 30, 2021 | | Three months ended June 30, 2020 | | Six months ended June 30, 2021 | | Six months ended June 30, 2020 | |
|---|---|---|---|---|---|---|---|---|
| Fees and salaries | $ | 170,441 | $ | 151,143 | $ | 335,631 | $ | 318,443 |
| Other benefits | | - | | 1,660 | | 944 | | 1,660 |
| Share-based payments (Note 9(a)) | | 110,910 | | 153,010 | | 221,674 | | 306,587 |
| | $ | 281,351 | $ | 305,813 | $ | 558,249 | $ | 626,690 |

## 11. LOSS PER SHARE

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

| | Three months ended June 30, 2021 | | Three months ended June 30, 2020 | |
|---|---|---|---|---|
| Net loss | $ | 1,438,450 | $ | 1,824,131 |
| Weighted average number of common shares outstanding (basic and diluted) | | 333,810,257 | | 331,277,629 |
| Loss per share – basic and diluted | $ | 0.01 | $ | 0.01 |

(expressed in U.S. dollars)

## 11. LOSS PER SHARE (continued)

| | Six months ended June 30, 2021 | 2020 |
|---|---|---|
| Net loss | $ 3,278,514 | $ 4,365,140 |
| Weighted average number of common shares outstanding (basic and diluted) | 333,775,861 | 331,275,761 |
| Loss per share – basic and diluted | $ 0.01 | $ 0.01 |

Basic loss per share is computed by dividing the net loss 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 9) were anti-dilutive for the three and six months ended June 30, 2021 and 2020.

## 12. 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 available 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. 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.

## 13. FINANCIAL INSTRUMENTS

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

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

| | Note | Category | June 30, 2021 | December 31, 2020 |
|---|---|---|---|---|
| Cash | 3 | Amortized cost | $ 112,359 | $ 535,781 |
| Other receivables | 4 | Amortized cost | 35,972 | 34,557 |
| Environmental deposit | | Amortized cost | 49,953 | - |
| Accounts payable and accrued liabilities | | Amortized cost | 165,516 | 142,787 |
| Standby loan | 7 | Amortized cost | 3,803,861 | 1,415,963 |

The recorded amounts for cash, other receivables, environmental deposit, accounts payable and accrued liabilities and standby loan 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 has been disclosed in the consolidated statements of loss and comprehensive loss under the caption "interest income and other."

## 13. FINANCIAL INSTRUMENTS (continued)

### (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.

## 14. 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

At June 30, 2021, the Group considers that its cash, other receivables and environmental deposit are exposed to credit risk, representing maximum exposure of $198,284 (December 31, 2020 - $570,338). 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 June 30, 2021, the Group's cash was held at two financial institutions (December 31, 2020 – 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 June 30, 2021, the Group's current liabilities consisted of trade and other payables of $165,516, due primarily within three months from the period end, and a standby loan of $3,803,861, due on September 30, 2021. The Group's cash of $112,359 at June 30, 2021, was not sufficient to pay for these current liabilities in the absence of additional financing (see Note 2(b)). See Note 18 for summary of additional funds drawn on the Standby Loan subsequent to June 30, 2021.

### (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 June 30, 2021, 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 $1,100 in the Group's interest income on an annual basis.

*Currency Risk*

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

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

(expressed in U.S. dollars)

## 14. FINANCIAL INSTRUMENT RISKS (continued)

### (c) Market Risks (continued)

*Currency Risk (continued)*

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 June 30, 2021.

| Financial Instrument Type | | U.S. Dollar | Currency | | +/- 1% Fluctuation | | |
|---|---|---|---|---|---|---|---|
| Cash | $ | 61,429 | CAD dollar | $ | 614 | $ | (614) |
| Accounts payable and accrued liabilities | | (1,525) | CAD dollar | | (15) | | 15 |
| Standby loan | | (3,803,861) | CAD dollar | | (38,039) | | 38,039 |
| Total | $ | (3,743,957) | | $ | (37,440) | $ | 37,440 |

*Other Price Risk*

The Group did not hold any financial instruments that had direct exposure to other price risks at June 30, 2021.

## 15. 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 maker is carried out on a consolidated basis.

## 16. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS

*Information about subsidiaries*

The consolidated financial statements include the following material subsidiary:

| | Country of Incorporation | % Equity interest at June 30, 2021 | % Equity interest at December 31, 2020 |
|---|---|---|---|
| Odin Mining del Ecuador S.A. ("Odin") | Ecuador | 100 | 100 |

*Related party expenses and balances*

In addition to the related party transactions described elsewhere in these financial statements (see Note 7 for standby loan from shareholder Ross Beaty), the Group incurred the following expenses with related parties:

| Company | Nature of transactions | | Three months ended June 30, 2021 | | 2020 |
|---|---|---|---|---|---|
| Miedzi Copper Corp. ("Miedzi") | E&E (geological) | $ | 5,329 | $ | 5,118 |
| Miedzi | G&A | | 25,578 | | 12,021 |
| Miedzi | Fees | | 47,340 | | 42,369 |
| Hathaway Consulting Ltd. | Fees | | 26,394 | | 23,004 |
| Into the Blue Management Inc. | Fees | | 25,479 | | 22,176 |
| Koval Management Inc. | Fees | | 48,301 | | 43,157 |
| La Mar Consulting Inc. | E&E (social and community) | | 32,793 | | 32,793 |
| Luminex Services Ecuador LS-EC S.A. ("Luminex Services") | E&E (geological; social / community; field office) | | 72,569 | | 99,294 |
| Lyle E Braaten Law Corp. | Fees | | 17,599 | | 15,318 |
| | | $ | 301,382 | $ | 295,250 |

(expressed in U.S. dollars)

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

*Related party expenses and balances (continued)*

| Company | Nature of transactions | | Six months ended June 30, 2021 | | 2020 |
|---|---|---|---|---|---|
| Miedzi | E&E (geological) | $ | 8,331 | $ | 18,226 |
| Miedzi | G&A | | 36,575 | | 20,518 |
| Miedzi | Fees | | 94,504 | | 86,775 |
| Hathaway Consulting Ltd. | Fees | | 51,923 | | 47,626 |
| Into the Blue Management Inc. | Fees | | 50,024 | | 45,839 |
| Koval Management Inc. | Fees | | 95,576 | | 87,921 |
| La Mar Consulting Inc. | E&E (social and community) | | 65,586 | | 65,586 |
| Luminex Services | E&E (geological; social / community; field office) | | 143,331 | | 187,241 |
| Lyle E Braaten Law Corp. | Fees | | 34,620 | | 31,729 |
| | | $ | 580,470 | $ | 591,461 |

Miedzi is considered a company related by way of directors, officers and shareholders in common. Hathaway Consulting Ltd., Into the Blue Management Inc., Koval Management Inc., La Mar Consulting Inc. and Lyle E Braaten Law Corp. are related by way of being owned by directors or officers of the Company. Luminex Services is a wholly owned subsidiary of Luminex Resources Corp. ("Luminex") and provides personnel services to Odin. Luminex is considered a related party by way of directors, officers and shareholders in common.

Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are unsecured, and settlement occurs in cash. At June 30, 2021, $23,407 owing to Luminex Services was included in accounts payable (December 31, 2020 – $Nil).

*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 June 30, 2021 | | 2020 | | Six months ended June 30, 2021 | | 2020 |
|---|---|---|---|---|---|---|---|---|
| Short-term benefits (i) | $ | 205,157 | $ | 188,875 | $ | 407,140 | $ | 384,845 |
| Share-based payments (ii) | | - | | - | | - | | - |
| Total remuneration | $ | 205,157 | $ | 188,875 | $ | 407,140 | $ | 384,845 |

(i) Short-term benefits include fees and salaries, including where those costs have been allocated to E&E expenditures (see Note 6(b)).
(ii) Share-based payments are the fair value of options granted (vested and unvested) to key management personnel as at the grant date, including where those amounts have been allocated to E&E expenditures.
(iii) Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the three and six months ended June 30, 2021 and 2020.

## 17. COMMITMENTS AND CONTINGENT LIABILITY

*Commitments*

As at June 30, 2021, the Group has entered into agreements that are not recognized as ROU assets and that include rental agreements and contracted studies that require minimum payments in the aggregate as follows:

| | | |
|---|---|---|
| Within one year | $ | 40,000 |

## 17. COMMITMENTS AND CONTINGENT LIABILITY (continued)

*Contingent liability*

Lumina has entered into an agency agreement with Miedzi 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. At June 30, 2021, and assuming withdrawal from the agency agreement at that date, Lumina's obligation to Miedzi would be approximately \$263,000 (December 31, 2020 - \$286,000).

## 18. 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 an additional draw was made on the Standby Loan, in the amount of C\$400,000 for a total principal amount owing of C\$5,000,000.