LUMINA GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

TSX-V: LUM

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Lumina Gold Corp.

Opinion

We have audited the consolidated financial statements of Lumina Gold Corp. (the Entity), which comprise

- the consolidated balance sheets as at December 31, 2019 and December 31, 2018;
- the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(c) in the financial statements, which describes that the Entity has a history of losses, an accumulated deficit at December 31, 2019 and expects to incur further losses in the development of its business.

As stated in Note 2(c) in the financial statements, these events or conditions, along with other matters as set forth in Note 2(c) in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Robert Ryan Owsnett, CPA, CA

Vancouver, Canada
April 7, 2020

LUMINA GOLD CORP.
CONSOLIDATED BALANCE SHEETS

(expressed in U.S. dollars)

	Note	December 31, 2019	December 31, 2018
ASSETS			
Current assets			
Cash	4	$ 6,247,867	$ 14,490,979
Receivables	5	93,934	49,163
Prepaid expenses		111,724	67,156
Total current assets		6,453,525	14,607,298
Non-current assets			
Environmental deposits		32,206	30,328
Property and equipment	6	4,149,894	1,622,462
Exploration and evaluation assets	7(a)	1,701,100	1,701,100
Total assets		$ 12,336,725	$ 17,961,188
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,365,188	$ 550,453
Current portion of lease obligations	6	35,128	-
Total current liabilities		1,400,316	550,453
Non-current liabilities			
Lease obligations	6	38,405	-
Total liabilities		1,438,721	550,453
EQUITY			
Share capital	10	86,719,445	76,482,853
Share-based payment reserve		5,601,065	6,005,243
Accumulated deficit		(81,422,506)	(65,077,361)
Total equity		10,898,004	17,410,735
Total liabilities and equity		$ 12,336,725	$ 17,961,188

Going concern (Note 2(c))
Commitments and contingent liabilities (Note 21)
Post-reporting date event (Note 2(c))

APPROVED BY THE DIRECTORS

"Marshall Koval"
Director

"Donald Shumka"
Director

See Accompanying Notes to the Consolidated Financial Statements

LUMINA GOLD CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the years ended December 31, 2019 and 2018

(expressed in U.S. dollars)

	Note	Year ended December 31, 2019	2018
Expenses			
Exploration and evaluation ("E&E") expenditures	7(b), 18	$ 14,197,279	$ 12,290,231
Fees, salaries and other employee benefits	12, 18	2,031,756	1,916,626
General and administration ("G&A")	18	380,221	645,275
Professional fees		165,250	1,062,832
Insurance		30,176	38,297
		(16,804,682)	(15,953,261)
Other income (expenses)			
Loss on spinout of Luminex Resources Corp.	8	-	(12,536,695)
Interest income and other	19	54,442	1,522,480
Interest expense		(8,218)	-
Foreign exchange gain (loss)		413,313	(499,615)
		459,537	(11,513,830)
Net loss and comprehensive loss for the year		$ (16,345,145)	$ (27,467,091)
Loss attributable to:			
Owners of the Company		$ (16,345,145)	$ (25,583,539)
Non-controlling interest	9	-	(1,883,552)
		$ (16,345,145)	$ (27,467,091)
Loss per share attributable to owners of the Company – basic and diluted	13	$ (0.05)	$ (0.09)
Weighted average number of shares outstanding – basic and diluted	13	311,321,214	271,603,597

See Accompanying Notes to the Consolidated Financial Statements

LUMINA GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2019 and 2018

(expressed in U.S. dollars)

	Note	Year ended December 31, 2019	2018
Operating activities			
Loss for the year		$ (16,345,145)	$ (27,467,091)
Adjustment for non-cash items:			
Depreciation	6	170,676	117,813
Environmental deposit interest earned		(1,878)	(6,203)
Loss on transfer of spinout assets	8	-	12,536,695
Share-based payment	11(a)	1,541,277	1,261,270
Deduct: interest income		(40,375)	(10,735)
Add: interest expense		8,218	-
Net changes in non-cash working capital items:			
Receivables		(44,771)	(5,897)
Prepaid expenses		(44,568)	(42,536)
Accounts payable and accrued liabilities		(25,484)	(70,079)
Net cash utilized in operating activities		(14,782,050)	(13,686,763)
Investing activities			
Expenditures on property and equipment		(1,750,910)	(660,886)
Interest received		40,375	10,735
Net cash utilized in investing activities		(1,710,535)	(650,151)
Financing activities			
Cash transferred to Luminex Resources Corp.	8	-	(5,374,676)
Shares issued	10	8,424,554	20,436,880
Cost to issue shares	10	(133,417)	(927,294)
Payment of lease obligations	6	(33,446)	-
Interest paid re lease obligations	6	(8,218)	-
Net cash provided by financing activities		8,249,473	14,134,910
Decrease in cash		(8,243,112)	(202,004)
Cash, beginning of year		14,490,979	14,692,983
Cash, end of year	4	$ 6,247,867	$ 14,490,979

LUMINA GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2019 and 2018

(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, 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.	8	-		(38,297,482)		-		-		(38,297,482)		(2,651,062)		(40,948,544)
Shares issued, net of issue costs	10	45,450,000		19,487,268		-		-		19,487,268		-		19,487,268
Exercise of stock options	10	52,000		45,703		(23,385)		-		22,318		-		22,318
Share-based payment	11(a)	-		-		1,261,270		-		1,261,270		-		1,261,270
Comprehensive loss		-		-		-		(25,583,539)		(25,583,539)		(1,883,552)		(27,467,091)
Balance, December 31, 2018		309,529,893		76,482,853		6,005,243		(65,077,361)		17,410,735		-		17,410,735
Shares issued, net of issue costs	10	18,004,000		6,728,385		-		-		6,728,385		-		6,728,385
Exercise of stock options	10	3,740,000		3,508,207		(1,945,455)		-		1,562,752		-		1,562,752
Share-based payment	11(a)	-		-		1,541,277		-		1,541,277		-		1,541,277
Comprehensive loss		-		-		-		(16,345,145)		(16,345,145)		-		(16,345,145)
Balance, December 31, 2019		331,273,893	$	86,719,445	$	5,601,065	$	(81,422,506)	$	10,898,004	$	-	$	10,898,004

See Accompanying Notes to the Consolidated 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.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 AND GOING CONCERN

(a) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved and authorized for issue by the Board of Directors ("Board") on April 7, 2020.

(b) Basis of preparation

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

(c) Going concern and post-reporting date event

These consolidated 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 $81,422,506 as at December 31, 2019 and has reported a net loss attributable to owners of the Company of $16,345,145 for the year ended December 31, 2019. 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, based on forecasts and the ability to reduce expenditures if required, it will be able to continue as a going concern for the foreseeable future. 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 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 consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern. Such adjustments could be material.

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. 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 reasonably 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.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Overall considerations

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below. These accounting policies have been used throughout all periods presented in the consolidated financial statements, except as disclosed in Note 3(j).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation

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

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

(c) Presentation currency and foreign currency translation

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

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

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

(d) Cash and cash equivalents

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

(e) Exploration and evaluation licenses

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

(f) Acquisition of mineral property interests

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

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

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

Business acquisitions are accounted for using the acquisition method, in which the acquired assets and liabilities are recorded at fair value at the date of acquisition. Direct costs associated with a business combination are expensed as incurred. Acquisitions in which a business is not acquired are treated as an asset purchase. Under an asset purchase, the fair value of the consideration provided is allocated to the individual fair value of assets and liabilities assumed at the time of acquisition. The costs of acquisition for an asset acquisition are deferred and capitalized in the period they are incurred. In the event the acquisition is not completed, these costs would be immediately expensed.

(expressed in U.S. dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Exploration and evaluation expenditures

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

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

(h) Environmental Deposits

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

(i) Property and Equipment

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

Property and equipment	5% to 33% straight-line basis
Right-of-use assets	Straight-line over life of underlying contract

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

(j) Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the dual accounting model for lessees, which distinguished 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 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.

The Group has applied IFRS 16 using the modified retrospective approach from January 1, 2019, without restatement of comparative balances, and has elected to record the transition date right-of-use assets at amounts equal to the present value of the minimum lease payments, on a lease by lease basis. The Group elected not to recognize right-of-use assets and liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets. Lease payments associated with these leases are recognized as an expense in the consolidated statement of comprehensive loss. The impact of adopting IFRS 16 on January 1, 2019, was to record a lease liability and right-of-use asset of $109,822 associated with the leasing of office and warehouse space in Ecuador. See Note 6 for further information.

The following are the new accounting policies for right-of-use assets under IFRS 16.

Lease definition

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset may be implicitly or explicitly specified in a contract, but must be physically distinct, and must not have the ability for substitution by a lessor. The Group has the right to control an identified asset if it obtains substantially all of its economic benefits and either pre-determines or directs how and for what purpose the asset is used.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leases (continued)

Measure of right-of-use ("ROU") assets and lease obligations

At lease commencement, the Group recognizes a ROU asset and a lease obligation. The ROU asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The ROU asset is subsequently amortized on a straight-line basis over the shorter of the term of the lease, or the useful life of the asset determined on the same basis as the Group's property and equipment. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

The lease obligation is initially measured at the present value of lease payments remaining at the lease commencement date, discounted at either the rate implicit in the lease or using the Group's incremental borrowing rate. Lease payments included in the measurement of the lease obligation, when applicable, may comprise fixed payments, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase, extension or termination option that the Group is reasonably certain to exercise.

The lease obligation is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset.

Recognition exemptions

The Group has elected not to recognize ROU assets and lease obligations for short-term leases that have a lease term of twelve months or less or for leases of low-value assets. Payments associated with these leases are recognized as an operating expense on a straight-line basis over the lease term within costs and expenses on the consolidated statement of comprehensive loss.

(k) Interest income

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

(l) Provisions

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

As at December 31, 2019 and 2018, the Group did not have any asset retirement obligations.

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

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

(n) Financial Instruments

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment of assets

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 and financial assets the Group has no material loss allowance at December 31, 2019 and 2018.

Non-financial assets

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

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

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

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

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

(p) Taxes

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

Current tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Taxes (continued)

Deferred tax

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

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

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

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

Sales tax

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

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

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

(q) Share capital

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

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

(r) Earnings (loss) per share

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Share-based payments

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

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

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

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

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

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

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

(t) Significant accounting judgments and estimates

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

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(c) 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).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Significant accounting judgments and estimates (continued)

ROU assets and lease obligations: The application of IFRS 16 requires the Group to make certain judgments, estimates and assumptions that affect the valuation of ROU assets and the related lease obligations. These include determining agreements in the scope of IFRS 16, determining the contract term and the interest rate used for discounting of future cash flows. The lease term determined by the Group is comprised of the non-cancellable period of lease agreements and periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option. The present value of the lease payment is determined using a discount rate representing the rate that would be applicable to the Group in the relevant jurisdiction of the lease agreement at the time the lease agreement commences or is modified.

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 8) 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.

(u) Changes in accounting policies

There were no new accounting standards and interpretations effective from January 1, 2019, that had an impact on the Group's financial statements except for the adoption of IFRS 16 as described at Notes 3(j) and 6.

(v) 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.

4. CASH

The Group's cash, by currency, at December 31, 2019 and December 31, 2018 was as follows:

		December 31, 2019		December 31, 2018
Cash at bank and in hand denominated in Canadian dollars	$	699,034	$	12,124,664
Cash at bank and in hand denominated in U.S. dollars		5,548,833		2,366,315
	$	6,247,867	$	14,490,979

5. RECEIVABLES

		December 31, 2019		December 31, 2018
Refundable goods and services tax	$	27,143	$	32,311
Other		66,791		16,852
	$	93,934	$	49,163

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.

(expressed in U.S. dollars)

6. PROPERTY AND EQUIPMENT AND LEASE OBLIGATIONS

		Land[1]		Property & Equipment		Right-of-use assets		Total
Cost								
December 31, 2017	$	1,141,550	$	926,542	$	-	$	2,068,092
Additions		-		658,367		-		658,367
Transfer to Luminex (Note 8)		(553,032)		(472,403)		-		(1,025,435)
December 31, 2018		588,518		1,112,506		-		1,701,024
Additions		2,087,319		503,810		109,822		2,700,951
Disposals		-		-		(2,843)		(2,843)
December 31, 2019	$	2,675,837	$	1,616,316	$	106,979	$	4,399,132
Accumulated Depreciation								
December 31, 2017	$	-	$	83,692	$	-	$	83,692
Write offs		-		117,813		-		117,813
Transfer to Luminex (Note 8)		-		(122,943)		-		(122,943)
December 31, 2018		-		78,562		-		78,562
Depreciation for the year		-		133,893		36,783		170,676
December 31, 2019	$	-	$	212,455	$	36,783	$	249,238
Net book value								
December 31, 2018	$	588,518	$	1,033,944	$	-	$	1,622,462
December 31, 2019	$	2,675,837	$	1,403,861	$	70,196	$	4,149,894

[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.

Additions to land and property and equipment during the year ended December 31, 2019 include $864,591 that is accrued in accounts payable and accrued liabilities (December 31, 2018 - $24,372). The balance at December 31, 2019 is to be settled in 2020. Depreciation expense relating to property and equipment utilized in E&E activities is expensed to E&E and is included in field office costs.

ROU assets: On adoption of IFRS 16, the Group recognized ROU assets in relation to leases for office space and warehouses in Ecuador which had previously been classified as operating leases under the principles of IAS 17. The ROU assets were recognized based on the amount equal to the lease liability. Upon transition to IFRS 16, the Group recognized ROU assets and lease obligations of $109,822.

Lease obligations: A continuity of the lease liability for the year ended December 31, 2019 is as follows:

		December 31, 2019
December 31, 2018	$	-
Adoption of IFRS 16, January 1, 2019		109,822
Interest accretion		8,218
Lease payments		(41,664)
Adjustment for disposal of lease		(2,843)
December 31, 2019	$	73,533

Minimum lease payments in respect of lease obligations and the effect of discounting are as follows:

		December 31, 2019
Undiscounted minimum lease payments		
Within one year	$	40,293
Between one to two years		40,293
Total undiscounted lease obligations		80,586
Less: future interest charges		(7,053)
Total discounted lease obligations		73,533
Less: current portion of lease obligations		(35,128)
Non-current portion of lease obligations	$	38,405

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

(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 ten contiguous mineral concessions (December 31, 2018 – six) 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.

Yawi: The Group was awarded the Yawi concession area (1,494 hectares) in February 2017. In May 2019, the Group received notice from the Government of Ecuador that the Company's renouncement of Yawi had been accepted. The renouncement process was formally completed on June 21, 2019.

Other concessions: Prior to August 31, 2018, the Group also held the following projects and concession areas which were transferred pursuant to the Arrangement with Luminex (see Note 8). 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 8). Pursuant to the terms of the Earn-in Agreement, Lumina received $100,000 upon signing, which has been recorded as other income (Note 19). 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, which to the date of assignment resulted in other income of $105,417 (see Note 19) during the year ended December 31, 2018. 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 19), 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 21.

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 8)	-	(47,487,910)	(47,487,910)
December 31, 2018 and 2019	$ 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 for the years ended December 31, 2019 and 2018 are as follows:

	Year ended December 31, 2019			Year ended December 31, 2018											
	Cangrejos	Yawi	**TOTAL**	Cangrejos	Cascas[5]	Condor[4][5]	La Canela[5]	Orquideas[5]	Palma Real[5]	Pegasus[5]	Quimi[5]	Tarqui[5]	Tres Picachos[5]	Yawi	**TOTAL**
Assays / Sampling	$ 620,077	$ -	**$ 620,077**	$ 270,370	$ -	$ 85,202	$ 626	$ 46,720	$ -	$ 40,036	$ -	$ 41,041	$ 18,923	$ -	**$ 502,918**
Camp	808,595	-	**808,595**	437,550	188	412,294	7,500	187,486	-	21,807	1,593	25,712	21,141	224	**1,115,495**
Camp access and improvements	269,047	-	**269,047**	72,367	-	77,244	2,367	1,962	-	-	-	-	2,072	-	**156,012**
Drilling	5,468,742	-	**5,468,742**	2,834,225	-	113,903	-	-	-	-	-	-	-	-	**2,948,128**
Engineering	1,143,163	-	**1,143,163**	522,991	-	-	-	-	-	-	-	-	-	-	**522,991**
Environmental, Health & Safety	484,212	1,384	**485,596**	208,232	-	79,783	5,228	34,254	3,600	13,578	-	2,935	3,747	4,991	**356,348**
Field office	780,067	-	**780,067**	396,043	-	183,707	3,539	58,474	81	74,127	4,288	23,548	11,113	1,177	**756,097**
Geological consulting	675,944	-	**675,944**	630,245	-	345,082	-	111,616	-	9,354	-	4,940	5,439	-	**1,106,676**
Geological and field staff	281,702	-	**281,702**	366,403	-	149,549	32,931	103,079	-	222,082	17,505	153,696	26,601	-	**1,071,846**
Legal fees	131,626	775	**132,401**	179,469	7,066	15,972	2,419	25,393	7,482	27,579	2,714	11,000	3,098	2,369	**284,561**
Metallurgical	501,195	-	**501,195**	163,028	-	-	-	-	-	-	-	-	-	-	**163,028**
Mineral rights and property fees	328,442	15,220	**343,662**	114,679	96,591	93,333	30,819	47,526	191,050	659,238	26,656	47,284	46,878	14,481	**1,368,535**
Project management[1]	701,411	-	**701,411**	1,030,913	6,586	165,177	4,571	29,839	161	51,501	11,763	21,934	6,116	4,488	**1,333,049**
Reports	391,414	-	**391,414**	149,993	-	-	-	84,618	-	1,960	-	-	-	-	**236,571**
Social and community[1]	527,073	-	**527,073**	397,823	11,108	128,802	253	36,419	-	573	5,078	26,888	2,156	-	**609,100**
Share-based payment (Note 11(a))	495,574	-	**495,574**	322,098	-	64,742	-	-	-	-	-	-	-	-	**386,840**
Transportation and accommodation	571,616	-	**571,616**	359,704	1,074	235,205	9,211	121,719	-	32,521	2,345	22,732	21,683	-	**806,194**
Costs incurred during the year	14,179,900	17,379	**14,197,279**	8,456,133	122,613	2,149,995	99,464	889,105	202,374	1,154,356	71,942	381,710	168,967	27,730	**13,724,389**
Cost recovery[6]	-	-	**-**	-	(134,347)	-	-	(1,012,835)	-	(286,976)	-	-	-	-	**(1,434,158)**
Net costs incurred (recovered) during the year	$ 14,179,900	$ 17,379	**$ 14,197,279**	$ 8,456,133	$ (11,734)	$ 2,149,995	$ 99,464	$ (123,730)	$ 202,374	$ 867,380	$ 71,942	$ 381,710	$ 168,967	$ 27,730	**$12,290,231**
Cumulative E&E incurred, beginning of year [2] [3]	$ 23,551,558	$ 60,163	**$ 23,611,721**	$ 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 during the year	14,179,900	17,379	**14,197,279**	8,456,133	(11,734)	2,149,995	99,464	(123,730)	202,374	867,380	71,942	381,710	168,967	27,730	**12,290,231**
Cumulative E&E incurred, end of year	$ 37,731,458	$ 77,542	**$ 37,809,000**	$ 23,551,558	$ 120,801	$ 5,789,190	$ 176,197	$ 331,409	$ 604,701	$ 2,152,573	$ 136,694	$ 459,991	$ 298,404	$ 60,163	**$33,681,681**

[1] Project management and social and community costs include payments made to key management personnel (see Note 18).
[2] E&E expenditures have been disclosed on a cumulative basis since January 1, 2004 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 were included in the Condor Project since January 1, 2018, totalled $37,892 for the year ended December 31, 2018. Cumulative E&E spend on the two areas as at the beginning of 2018 was $124,299.
[5] Project distributed to Luminex as part of the Arrangement (see Note 8). Costs reported to August 31, 2018.
[6] Cost recovery represents reimbursement of expenditures by FQM and Anglo American (see Note 7(a)).

(expressed in U.S. dollars)

8. PLAN OF ARRANGEMENT

On July 9, 2018, the Company announced that its Board 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.

9. 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 18). The NCI was transferred to Luminex on August 31, 2018 a part of the Arrangement (see Note 8):

		Year ended December 31, 2018
Net loss and comprehensive loss	$	18,835,520
NCI percentage		10%
Net loss and comprehensive loss attributable to NCI	$	1,883,552

The entities subject to a NCI incurred the following cash expenditures during the year ended December 31, 2018: (i) $1,840,065 on operating activities; and (ii) $29,719 on investing activities.

(expressed in U.S. dollars)

10. SHARE CAPITAL

Authorized: Unlimited common shares, without par value.

Issued and fully paid:	Number of Common Shares		Amount
Balance, December 31, 2017	264,027,893	$	95,247,364
Shares issued on exercise of stock options (a)	20,000		20,191
Shares issued on exercise of stock options (b)	10,000		10,013
Shares issued on exercise of stock options (c)	10,000		10,019
Shares issued, net of issue costs (d)	9,730,000		5,211,279
Shares issued on exercise of stock options (e)	12,000		5,480
Fair value of net assets distributed (Note 8)	-		(38,297,482)
Shares issued, net of issue costs (f)	35,720,000		14,275,989
Balance, December 31, 2018	309,529,893		76,482,853
Shares issued on exercise of stock options (g)	3,740,000		3,508,207
Shares issued, net of issue costs (h)	18,004,000		6,728,385
Balance, December 31, 2019	331,273,893	$	86,719,445

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

(f) In November 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 proceeds of $14,275,989, net of issue costs of $776,460, which includes a 6% agents' commission of $488,488 and a 4% finder's fees of $30,105.

(g) In September 2019, 3,740,000 stock options were exercised at an average exercise price of $0.42 (C$0.55) per common share for total proceeds of $1,562,752. The previously recognized share-based payment expense relating to these stock options was reclassified from share option reserve to share capital in the amount of $1,945,455.

(h) In December 2019, the Company closed a non-brokered private placement for a total of 18,004,000 common shares at a price of C$0.50 per common share for proceeds of $6,728,385, net of issue costs of $133,417, which includes a 4% finder's fees of $84,823 on a portion of the private placement proceeds.

(expressed in U.S. dollars)

11. SHARE-BASED PAYMENTS

(a) Stock option plan

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

During the year ended December 31, 2019, the Company granted 7,205,000 stock options (2018 – 5,175,000) to directors, officers, employees and consultants at a weighted average exercise price of C$0.54 and expiry date of October 11, 2024 (2018 - C$0.56 and expiry date of December 4, 2023). The weighted average fair value of the options granted in the year ended December 31, 2019 was estimated at $0.18 per option at the grant date using Black-Scholes (2018 - $0.32). The vesting schedule of 7,105,000 of the options granted in 2019 was ⅓ on the grant date, ⅓ one year after the grant date and ⅓ two years after the grant date. 100,000 options, which were issued to an investor relations consultant, vest as to ¼ every six months with the initial vesting period after six months. The fair value used to calculate the compensation expense related to the stock options granted is estimated using Black-Scholes with the following assumptions:

	Year ended December 31, 2019	2018
Risk-free interest rate	1.55%	2.14%
Expected dividend yield	-	-
Expected stock price volatility	52%	100%
Expected option life in years	5	5
Expected rate of forfeiture	0 – 5%	0 – 5%

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

Pursuant to the Arrangement to spinout Luminex (see Note 8) option holders of Lumina were granted new options during the year ended December 31, 2018 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:

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 year ended December 31, 2019, in the amount of $1,541,277 (2018 - $1,261,270) has been recorded in the consolidated statement of comprehensive loss. Of this amount, $1,045,703 (2018 - $874,430) has been included in fees, salaries and other employee benefits (Note 12) and $495,574 (2018 - $386,840) has been expensed to exploration and evaluation expenditures (Note 7(b)).

(expressed in U.S. dollars)

11. SHARE-BASED PAYMENTS (continued)

(b) Outstanding stock options

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

	Year ended December 31, 2019			Year ended December 31, 2018		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of year	15,993,654	C$	0.55	11,184,610	C$	0.62*
Granted	7,205,000	C$	0.54	5,175,000	C$	0.56*
Exercised	(3,740,000)	C$	0.55	(52,000)	C$	0.55*
Expired	-	C$	-	(313,956)	C$	0.75
Outstanding, end of year	19,458,654	C$	0.55	15,993,654	C$	0.55

* Exercise price prior to effect of Arrangement.

The weighted average share price at the date of exercise for share options exercised in 2019 was $0.47 (2018 – $0.61). For each reporting period, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

December 31, 2019							
Options Outstanding					Options Exercisable		
Number of Options	Expiry Date	Weighted average life (years)	Exercise Price		Number of Options	Exercise Price	
1,375,000	December 4, 2020	0.93	C$	0.28	1,375,000	C$	0.28
1,173,654	April 20, 2021	1.30	C$	0.42	1,173,654	C$	0.42
1,940,000	December 30, 2021	2.00	C$	0.71	1,940,000	C$	0.71
500,000	March 6, 2022	2.18	C$	0.80	500,000	C$	0.80
2,090,000	December 7, 2022	2.94	C$	0.58	2,090,000	C$	0.58
5,175,000	December 4, 2023	3.93	C$	0.56	3,429,173	C$	0.56
7,205,000	October 11, 2024	4.78	C$	0.54	2,368,344	C$	0.54
19,458,654		3.53	C$	0.55	12,876,171	C$	0.55

December 31, 2018							
Options Outstanding					Options Exercisable		
Number of Options	Expiry Date	Weighted average life (years)	Exercise Price		Number of Options	Exercise Price	
3,740,000	September 12, 2019	0.70	C$	0.55	3,740,000	C$	0.55
1,375,000	December 4, 2020	1.93	C$	0.28	1,375,000	C$	0.28
1,173,654	April 20, 2021	2.30	C$	0.42	1,173,654	C$	0.42
1,940,000	December 30, 2021	3.00	C$	0.71	1,940,000	C$	0.71
500,000	March 6, 2022	3.18	C$	0.80	333,334	C$	0.80
2,090,000	December 7, 2022	3.94	C$	0.58	1,376,674	C$	0.58
5,175,000	December 4, 2023	4.93	C$	0.56	1,683,340	C$	0.56
15,993,654		3.07	C$	0.55	11,622,002	C$	0.54

12. FEES, SALARIES AND OTHER EMPLOYEE BENEFITS

	Year ended December 31, 2019		2018	
Fees and salaries	$	981,147	$	1,042,196
Other benefits		4,906		-
Share-based payments (Note 11(a))		1,045,703		874,430
	$	2,031,756	$	1,916,626

(expressed in U.S. dollars)

13. LOSS PER SHARE

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

	Year ended December 31, 2019	2018
Net loss attributed to owners of the Company	$ 16,345,145	$ 25,583,539
Weighted average number of common shares outstanding (basic and diluted)	311,321,214	271,603,597
Loss per share – basic and diluted	$ 0.05	$ 0.09

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

All of the stock options currently issued (see Note 11) were anti-dilutive for the years ended December 31, 2019 and 2018.

14. CAPITAL RISK MANAGEMENT

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

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

The Company considers its equity, which includes common shares, share-based payment reserve and accumulated deficit 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. 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.

15. FINANCIAL INSTRUMENTS

(a) Categories of financial assets and financial liabilities

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

	Note	Category	December 31, 2019	December 31, 2018
Cash	4	Amortized cost	$ 6,247,867	$ 14,490,979
Receivables	5	Amortized cost	66,791	16,852
Environmental deposit		Amortized cost	32,206	30,328
Accounts payable and accrued liabilities		Amortized cost	1,365,188	550,453

The recorded amounts for cash, receivables, environmental deposit 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."

15. 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.

16. FINANCIAL INSTRUMENT RISKS

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

(a) Credit Risk

The Group considers that its cash, receivables and environmental deposits are exposed to credit risk, representing maximum exposure of $6,346,864 (2018 - $14,538,159). 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 December 31, 2019, the Group's cash and cash equivalents were held at two financial institutions (2018 – two financial institutions).

(b) Liquidity Risk

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

At December 31, 2019, the Group's current liabilities consisted of trade and other payables of $1,365,188 which are due primarily within three months from the period end. The Group's cash of $6,247,867 at December 31, 2019, was sufficient to pay for the current liabilities.

At December 31, 2018, the Group's current liabilities consisted of trade and other payables of $550,453 which are due primarily within three months from the period end. The Group's cash of $14,490,979 at December 31, 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 December 31, 2019 and 2018, 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, $63,000 and $145,000 respectively, in the Group's interest income on an annual basis.

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

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

(expressed in U.S. dollars)

16. FINANCIAL INSTRUMENT RISKS (continued)

(c) Market Risks (continued)

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

The foreign exchange risk exposure of the Group's cash and accounts payable and accrued liabilities, as at December 31, 2019 is as follows:

Financial Instrument Type		U.S. Dollar	Currency		+/- 1% Fluctuation		
Cash	$	699,034	CAD dollar	$	6,990	$	(6,990)
Accounts payable and accrued liabilities		(35,516)	CAD dollar		(355)		355
Total	$	663,518		$	6,635	$	(6,635)

The foreign exchange risk exposure of the Group's cash and accounts payable and accrued liabilities, as at December 31, 2018 is as follows:

Financial Instrument Type		U.S. Dollar	Currency		+/- 1% Fluctuation		
Cash	$	12,124,664	CAD dollar	$	121,247	$	(121,247)
Receivables		6,232	CAD dollar		62		(62)
Accounts payable and accrued liabilities		(44,737)	CAD dollar		(447)		447
Total	$	12,086,159		$	120,862	$	(120,862)

Other Price Risk: The Group did not hold any financial instruments that had direct exposure to other price risks at December 31, 2019 and 2018.

17. SEGMENTED DISCLOSURE

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

18. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS

Information about subsidiaries

The consolidated financial statements include the following material subsidiaries:

	Country of Incorporation	% Equity interest at December 31, 2019	2018
Odin Mining del Ecuador S.A. ("Odin")	Ecuador	100	100
Condormining Corporation S.A.*	Ecuador	-	-

* Transferred to Luminex as part of the Arrangement on August 31, 2018.

(expressed in U.S. dollars)

18. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS (continued)

Related party expenses and balances

In addition to the related party transactions describe elsewhere in these financial statements with Luminex related to the Arrangement (Note 8) and the FQM and Anglo American Earn-in Agreements (Note 7(a)), the Group incurred the following expenses with related parties:

Company	Nature of transactions		Year ended December 31, 2019		2018
Miedzi Copper Corp. ("Miedzi")	E&E (geological)	$	122,821	$	77,839
Miedzi	G&A		48,821		105,272
Miedzi	Fees		271,992		446,861
Mozow Copper Sp. z o. o. ("Mozow")	E&E (field office)		-		2,244
Hathaway Consulting Ltd.	Fees		133,226		158,792
Into the Blue Management Inc.	Fees		122,231		-
Koval Management Inc.	Fees		232,635		230,355
La Mar Consulting Inc.	E&E (social and community)		191,794		185,871
Luminex Services Ecuador LS-EC S.A. ("Luminex Services")	E&E (geological; social and community; and field office)		413,952		103,285
Lyle E Braaten Law Corp.	Fees		100,026		105,510
Proyectmin S.A.[(1)]	E&E (field office)		-		3,173
Strategic Resources Inc.	G&A		12,175		-
Zen Capital & Mergers Ltd.	Fees		-		2,291
		$	1,649,673	$	1,421,493

[(1)] As disclosed in Note 7(a), Proyectmin S.A. 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 S.A. was transferred as part of the Arrangement with Luminex so is considered a related party for transactions occurring from that date forward.

Miedzi and Strategic Resources Inc. are considered companies related by way of directors, officers and shareholders in common. Mozow is a wholly owned subsidiary of Miedzi. Hathaway Consulting Ltd., Into the Blue Management Inc., 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. Luminex Services is a wholly-owned subsidiary of Luminex and provides personnel services to Odin. Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are unsecured and settlement occurs in cash. At December 31, 2019, there were no amounts owing to related parties for transactions between the above-noted companies (2018 – $Nil).

Included in accounts receivable at December 31, 2019 was $695 due from Luminex relating to reimbursement of expenses and $250 due from Southern Ecuador SN-EC S.A. (a subsidiary of Luminex), relating to an overpayment by Odin of fees on the transfer of legal title to a mineral concession in Ecuador pursuant to the Arrangement (see Notes 7(a) and 8).

Included in accounts payable and accrued liabilities at December 31, 2019 are $5,442 owing from Odin to Condormining S.A. and $715 owing from Odin to Proyectmin S.A. (both subsidiaries of Luminex) related to transfer of personnel between the entities (2018 - $Nil).

Key management personnel compensation

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

		Year ended December 31, 2019		2018
Short-term benefits (i)	$	1,073,063	$	1,202,258
Share-based payments (ii)		865,674		1,032,915
Total remuneration	$	1,938,737	$	2,235,173

(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 11(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 years ended December 31, 2019 and 2018.

(expressed in U.S. dollars)

19. INTEREST INCOME AND OTHER

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

	Year ended December 31, 2019	2018
FQM Signing Bonus (Note 7(a))	$ -	$ 100,000
FQM Services Agreement fee (Note 7(a))	-	105,417
Anglo American fee (Note 7(a))	-	1,300,000
Interest - bank / environmental deposit	42,253	16,938
Other	12,189	125
	$ 54,442	$ 1,522,480

20. TAXES

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

	December 31, 2019	December 31, 2018
Deferred income tax assets		
Exploration and evaluation asset	$ 5,624,000	$ 4,274,000
Non-capital income tax losses carried forward	6,024,000	4,662,000
Capital losses carried forward	1,124,000	1,071,000
Other assets	1,040,000	576,000
	13,812,000	10,583,000
Unrecognized deferred income tax assets	(13,812,000)	(10,583,000)
	$ -	$ -

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

	Year ended December 31, 2019	2018
Loss before income taxes	$ (16,345,145)	$ (27,467,091)
Canadian statutory rate	27%	27%
Income tax benefit computed at Canadian statutory rates	$ (4,413,000)	$ (7,416,000)
Permanent differences	622,000	346,000
Expiry of losses carried forward	29,000	15,000
Loss on spin-out of Luminex	-	4,433,000
Other	10,000	(310,000)
Differences between foreign and Canadian statutory rates	523,000	514,000
Change in unrecognized deferred tax assets	3,229,000	2,418,000
	$ -	$ -

(expressed in U.S. dollars)

20. TAXES (continued)

At December 31, 2019, the Group has Canadian capital losses that may be carried forward indefinitely of approximately $8,326,000 and Canadian non-capital income tax losses carried forward of approximately $20,094,000 expiring in various years to 2039, that may be available to offset future taxable income. The Group also has net operating losses which can be carried forward in Ecuador for five years of approximately $2,718,000. The Group's tax losses expire as follows:

Year of Expiry	Canada	Ecuador
2020	$ -	$ 356,000
2021	-	270,000
2022	-	431,000
2023	-	737,000
2024	-	924,000
2026	295,000	-
2027	97,000	-
2028	403,000	-
2029	336,000	-
2030	486,000	-
2031	148,000	-
2032	207,000	-
2033	1,420,000	-
2034	1,524,000	-
2035	1,462,000	-
2036	2,003,000	-
2037	3,781,000	-
2038	3,109,000	-
2039	4,823,000	-
	$ 20,094,000	$ 2,718,000

The Group's other deductible temporary differences are comprised principally of $27,496,000 in relation to exploration and evaluation assets and land in Ecuador and $1,696,000 in exploration tax pools and share issue costs in Canada.

21. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

As at December 31, 2019, the Group has entered into agreements that are not recognized as ROU assets and that include investment obligations in Ecuador on mineral concessions, rental agreements and contracted studies that require minimum payments in the aggregate as follows:

Within one year	$ 226,000
After one year but not more than five years	-
More than five years	-
	$ 226,000

Contingent liabilities

At December 31, 2019, the Group has a contingent liability of up to $34,741 (2018 - $1,230,000) 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 and would become repayable to Luminex in the event legal title is not successfully transferred.

Lumina has 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. At December 31, 2019, and assuming withdrawal from the agency agreement at that date, Lumina's obligation to Miedzi would be approximately $424,000 (2018 - $487,000).