



LUMINA GOLD CORP.



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**June 30, 2020**

**(Unaudited)**

TSX-V: LUM



[www.luminagold.com](http://www.luminagold.com)

**NOTICE OF NO AUDITOR REVIEW**

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended June 30, 2020 and 2019 have not been reviewed by the Company's external auditors.

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

Unaudited

(expressed in U.S. dollars)

	Note	June 30, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 1,883,687	\$ 6,247,867
Receivables	4	59,809	93,934
Prepaid expenses		65,568	111,724
<b>Total current assets</b>		2,009,064	6,453,525
<b>Non-current assets</b>			
Environmental deposit		33,263	32,206
Property and equipment	5	4,053,020	4,149,894
Exploration and evaluation asset	6(a)	1,701,100	1,701,100
<b>Total assets</b>		\$ 7,796,447	\$ 12,336,725
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 747,403	\$ 1,365,188
Current portion of lease obligations	5	34,280	35,128
<b>Total current liabilities</b>		781,683	1,400,316
<b>Non-current liabilities</b>			
Lease obligations	5	18,321	38,405
<b>Total liabilities</b>		800,004	1,438,721
<b>EQUITY</b>			
Share capital	7	86,755,100	86,719,445
Share-based payment reserve		6,028,989	5,601,065
Accumulated deficit		(85,787,646)	(81,422,506)
<b>Total equity</b>		6,996,443	10,898,004
<b>Total liabilities and equity</b>		\$ 7,796,447	\$ 12,336,725

Going concern (Note 2(b))  
 Commitments and contingent liability (Note 16)  
 Post-reporting date event (Note 17)

APPROVED BY THE DIRECTORS

*"Marshall Koval"*

Director

*"Donald Shumka"*

Director

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

For the three and six months ended June 30, 2020 and 2019

Unaudited

(expressed in U.S. dollars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
<b>Expenses</b>					
Exploration and evaluation ("E&E") expenditures	6(b), 15	\$ 1,427,724	\$ 4,591,511	\$ 3,383,908	\$ 7,755,006
Fees, salaries and other employee benefits	9, 15	305,813	338,039	626,690	703,075
General and administration ("G&A")	15	64,147	94,013	193,609	232,646
Professional fees		30,770	90,689	124,134	139,540
Insurance		9,233	13,727	14,381	24,121
		(1,837,687)	(5,127,979)	(4,342,722)	(8,854,388)
<b>Other income (expenses)</b>					
Interest income and other		2,232	12,650	12,077	35,695
Interest expense		(1,299)	(2,176)	(2,778)	(4,498)
Foreign exchange gain (loss)		12,623	57,772	(31,717)	434,331
		13,556	68,246	(22,418)	465,528
<b>Net loss and comprehensive loss for the period</b>		\$ (1,824,131)	\$ (5,059,733)	\$ (4,365,140)	\$ (8,388,860)
Loss per share – basic and diluted	10	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.03)
Weighted average number of shares outstanding – basic and diluted	10	331,277,629	309,529,893	331,275,761	309,529,893

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

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

For the six months ended June 30, 2020 and 2019

Unaudited

(expressed in U.S. dollars)

	Note	Six months ended June 30,	
		2020	2019
<b>Operating activities</b>			
Loss for the period		\$ (4,365,140)	\$ (8,388,860)
Adjustment for non-cash items:			
Depreciation	5	95,691	78,646
Environmental deposit interest earned		(1,057)	(714)
Share-based payment	8(a)	446,176	484,834
Deduct: interest income		(8,724)	(34,976)
Add: interest expense		2,778	4,498
Net changes in non-cash working capital items:			
Receivables		34,125	(4,037)
Prepaid expenses		46,156	(64,395)
Accounts payable and accrued liabilities		(117,785)	826,552
<b>Net cash utilized in operating activities</b>		<b>(3,867,780)</b>	<b>(7,098,452)</b>
<b>Investing activities</b>			
Expenditures on property and equipment		(503,100)	(423,120)
Interest received		8,724	34,976
<b>Net cash utilized in investing activities</b>		<b>(494,376)</b>	<b>(388,144)</b>
<b>Financing activities</b>			
Payment of lease obligations	5	(16,649)	(15,881)
Interest paid re lease obligations	5	(2,778)	(4,498)
Shares issued on exercise of stock options	7	17,403	-
<b>Net cash utilized in financing activities</b>		<b>(2,024)</b>	<b>(20,379)</b>
Decrease in cash and cash equivalents		(4,364,180)	(7,506,975)
Cash and cash equivalents, beginning of period		6,247,867	14,490,979
<b>Cash and cash equivalents, end of period</b>	3	<b>\$ 1,883,687</b>	<b>\$ 6,984,004</b>

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

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

**For the six months ended June 30, 2020 and 2019**

Unaudited

(expressed in U.S. dollars)

	Note	Number of shares	Share Capital Amount	Share-based Payment Reserve	Accumulated Deficit	Total
<b>Balance, December 31, 2018</b>		309,529,893	\$ 76,482,853	\$ 6,005,243	\$ (65,077,361)	\$ 17,410,735
Share-based payment	8(a)	-	-	484,834	-	484,834
Comprehensive loss		-	-	-	(8,388,860)	(8,388,860)
<b>Balance, June 30, 2019</b>		309,529,893	\$ 76,482,853	\$ 6,490,077	\$ (73,466,221)	\$ 9,506,709
<b>Balance, December 31, 2019</b>		331,273,893	\$ 86,719,445	\$ 5,601,065	\$ (81,422,506)	\$ 10,898,004
Exercise of stock options	7	85,000	35,655	(18,252)	-	17,403
Share-based payment	8(a)	-	-	446,176	-	446,176
Comprehensive loss		-	-	-	(4,365,140)	(4,365,140)
<b>Balance, June 30, 2020</b>		331,358,893	\$ 86,755,100	\$ 6,028,989	\$ (85,787,646)	\$ 6,996,443

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

**LUMINA GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Three and six months ended June 30, 2020 and 2019**

Unaudited

(expressed in U.S. dollars)

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**1. NATURE OF OPERATIONS**

Lumina Gold Corp. ("Lumina" or the "Company") is a publicly listed company incorporated under the Company Act of British Columbia on March 22, 1988. The Company is listed on the TSX-Venture Exchange, having the symbol LUM.V. Lumina and its wholly-owned subsidiaries (collectively referred to as the "Group") are engaged in the acquisition, exploration and development of mineral resources in Ecuador. The Group is considered to be in the exploration stage as it has not placed its mineral property into production.

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

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

**(a) Basis of preparation**

These condensed consolidated interim financial statements of the Group for the three and six months ended June 30, 2020 and 2019, have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information and disclosures required in full annual financial statements and should be read in conjunction with the Group's annual financial statements as at December 31, 2019 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in U.S. dollars, except as specifically noted for Canadian dollar amounts shown as "C\$".

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 24, 2020.

**(b) Going concern**

These condensed consolidated interim financial statements have been prepared on the going concern basis which assumes that the Group will be able to realize, in the foreseeable future, its assets and discharge its liabilities in the normal course of business as they come due. The Group has incurred cumulative losses of \$85,787,646 as at June 30, 2020 and has reported a net loss of \$4,365,140 for the six months ended June 30, 2020. 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. In March 2020, 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 estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

There can be no assurance that management's plans will be successful. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern. Such adjustments could be material.

**(c) Significant accounting policies**

The significant accounting policies that have been applied, on a consistent basis, in the preparation of these condensed consolidated interim financial statements are included in the Group's audited consolidated financial statements for the year ended December 31, 2019. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements.

**LUMINA GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three and six months ended June 30, 2020 and 2019

Unaudited

(expressed in U.S. dollars)

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

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

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

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

*Exploration and evaluation assets:* The application of the Group's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that such acquisition costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable resources exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available. The carrying value of these assets is detailed at Note 6(a).

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

*Right-of-use ("ROU") assets and lease obligations:* The application of IFRS 16 Leases 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.

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

The Group has not early adopted any amendment, standard or interpretation that has been issued by the International Accounting Standards Board but that is not yet effective.

**3. CASH AND CASH EQUIVALENTS**

The Group's cash and cash equivalents, by currency, at June 30, 2020 and December 31, 2019 was as follows:

		June 30, 2020		December 31, 2019
Cash at bank and in hand denominated in Canadian dollars	\$	254,013	\$	699,034
Cash at bank and in hand denominated in U.S. dollars		878,509		5,548,833
Short term deposit denominated in U.S. dollars		751,165		-
	\$	1,883,687	\$	6,247,867

**4. RECEIVABLES**

		June 30, 2020		December 31, 2019
Refundable goods and services tax	\$	15,077	\$	27,143
Other		44,732		66,791
	\$	59,809	\$	93,934



**LUMINA GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three and six months ended June 30, 2020 and 2019

Unaudited

(expressed in U.S. dollars)

**4. RECEIVABLES (continued)**

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.

**5. PROPERTY AND EQUIPMENT AND LEASE OBLIGATIONS**

	Land <sup>(1)</sup>	Property & Equipment	Right-of-use assets	Total
<b>Cost</b>				
December 31, 2019	\$ 2,675,837	\$ 1,616,316	\$ 106,979	\$ 4,399,132
Additions	-	3,100	-	3,100
Disposal	-	-	(4,283)	(4,283)
June 30, 2020	\$ 2,675,837	\$ 1,619,416	\$ 102,696	\$ 4,397,949
<b>Accumulated Depreciation</b>				
December 31, 2019	\$ -	\$ 212,455	\$ 36,783	\$ 249,238
Depreciation for the period	-	79,073	16,618	95,691
June 30, 2020	\$ -	\$ 291,528	\$ 53,401	\$ 344,929
<b>Net book value</b>				
December 31, 2019	\$ 2,675,837	\$ 1,403,861	\$ 70,196	\$ 4,149,894
June 30, 2020	\$ 2,675,837	\$ 1,327,888	\$ 49,295	\$ 4,053,020

<sup>(1)</sup>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.

At June 30, 2020, \$364,591 related to land is included in accounts payable and accrued liabilities (December 31, 2019 - \$864,591). This balance 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:* The Group has recognized ROU assets in relation to leases for office space and warehouses in Ecuador. The ROU assets were recognized based on the amount equal to the lease liability.

*Lease obligations:* A continuity of the lease liability for the six months ended June 30, 2020 is as follows:

December 31, 2019	\$ 73,533
Interest accretion	2,778
Lease payments	(19,427)
Adjustment for disposal of lease	(4,283)
June 30, 2020	\$ 52,601

Minimum lease payments in respect of lease obligations and the effect of discounting are as follows at June 30, 2020:

Undiscounted minimum lease payments	
Within one year	\$ 37,605
Between one to two years	18,803
Total undiscounted lease obligations	56,408
Less: future interest charges	(3,807)
Total discounted lease obligations	52,601
Less: current portion of lease obligations	(34,280)
Non-current portion of lease obligations	\$ 18,321

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

**LUMINA GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Three and six months ended June 30, 2020 and 2019**

Unaudited

(expressed in U.S. dollars)

**6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES**

**(a) Exploration and evaluation assets**

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

*Cangrejos:*

The Group has ten contiguous mineral concessions (December 31, 2019 – ten) located near Machala in southwest Ecuador, collectively known as the “Cangrejos Project” and representing a land area of 6,373 hectares. The Group has been through a process to subdivide its mineral concessions prior to then seeking to amalgamate the core concessions that comprise the Cangrejos Project.

*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.

*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. These expenditures have been met for the 2020 fiscal year.

The carrying value of the Group’s Cangrejos Project at June 30, 2020 is \$1,701,100 (December 31, 2019 - \$1,701,100).

**(b) Exploration and evaluation expenditures**

The Group’s exploration and evaluation expenditures on its projects for the three and six months ended June 30, 2020 and 2019 are as follows:

	Three months ended June 30, 2020			Three months ended June 30, 2019		
	Cangrejos	Yawi	TOTAL	Cangrejos	Yawi	TOTAL
Assays / Sampling	\$ -	\$ -	\$ -	\$ 164,210	\$ -	\$ 164,210
Camp	138,661	-	138,661	210,646	-	210,646
Camp access and improvements	5,322	-	5,322	121,429	-	121,429
Drilling	-	-	-	2,385,996	-	2,385,996
Engineering	320,677	-	320,677	256,465	-	256,465
Environmental, Health & Safety	70,743	-	70,743	141,005	-	141,005
Field office	85,791	-	85,791	183,312	-	183,312
Geological consulting	122,120	-	122,120	148,503	-	148,503
Geological and field staff	5,235	-	5,235	89,679	-	89,679
Legal fees	15,459	-	15,459	41,114	262	41,376
Metallurgical	90,613	-	90,613	114,441	-	114,441
Mineral rights and property fees	-	-	-	28,366	449	28,815
Project management <sup>(1)</sup>	311,147	-	311,147	145,434	-	145,434
Reports	34,760	-	34,760	217,367	-	217,367
Social and community <sup>(1)</sup>	122,522	-	122,522	116,668	-	116,668
Share-based payment (Note 8(a))	69,797	-	69,797	77,799	-	77,799
Transportation and accommodation	34,877	-	34,877	148,366	-	148,366
<b>Costs incurred during the period</b>	<b>\$ 1,427,724</b>	<b>\$ -</b>	<b>\$ 1,427,724</b>	<b>\$ 4,590,800</b>	<b>\$ 711</b>	<b>\$ 4,591,511</b>
Cumulative E&E incurred, beginning of period <sup>(2)</sup>	\$ 39,687,642	\$ 77,542	\$ 39,765,184	\$ 26,698,475	\$ 76,741	\$ 26,775,216
E&E incurred during the period	1,427,724	-	1,427,724	4,590,800	711	4,591,511
<b>Cumulative E&amp;E incurred, end of period</b>	<b>\$ 41,115,366</b>	<b>\$ 77,542</b>	<b>\$ 41,192,908</b>	<b>\$ 31,289,275</b>	<b>\$ 77,452</b>	<b>\$ 31,366,727</b>

<sup>(1)</sup> Project management and social and community costs include payments made to key management personnel (see Note 15).

<sup>(2)</sup> E&E expenditures have been disclosed on a cumulative basis since January 1, 2004 for the Cangrejos Project.

**LUMINA GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three and six months ended June 30, 2020 and 2019

Unaudited

(expressed in U.S. dollars)

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

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

	Six months ended June 30, 2020			Six months ended June 30, 2019		
	Cangrejos	Yawi	TOTAL	Cangrejos	Yawi	TOTAL
Assays / Sampling	\$ 1,767	\$ -	\$ 1,767	\$ 305,371	\$ -	\$ 305,371
Camp	292,931	-	292,931	400,435	-	400,435
Camp access and improvements	40,623	-	40,623	142,092	-	142,092
Drilling	-	-	-	3,799,960	-	3,799,960
Engineering	791,540	-	791,540	358,119	-	358,119
Environmental, Health & Safety	203,030	-	203,030	233,317	1,384	234,701
Field office	178,154	-	178,154	355,475	-	355,475
Geological consulting	350,540	-	350,540	269,861	-	269,861
Geological and field staff	10,180	-	10,180	183,421	-	183,421
Legal fees	57,168	-	57,168	68,896	685	69,581
Metallurgical	202,670	-	202,670	231,208	-	231,208
Mineral rights and property fees	64,561	-	64,561	94,938	15,220	110,158
Project management <sup>(1)</sup>	617,161	-	617,161	280,922	-	280,922
Reports	39,520	-	39,520	350,032	-	350,032
Social and community <sup>(1)</sup>	228,747	-	228,747	223,957	-	223,957
Share-based payment (Note 8(a))	139,589	-	139,589	154,739	-	154,739
Transportation and accommodation	165,727	-	165,727	284,974	-	284,974
<b>Costs incurred during the period</b>	<b>\$ 3,383,908</b>	<b>\$ -</b>	<b>\$ 3,383,908</b>	<b>\$ 7,737,717</b>	<b>\$ 17,289</b>	<b>\$ 7,755,006</b>
Cumulative E&E incurred, beginning of period <sup>(2)</sup>	\$ 37,731,458	\$ 77,542	\$ 37,809,000	\$ 23,551,558	\$ 60,163	\$ 23,611,721
E&E incurred during the period	3,383,908	-	3,383,908	7,737,717	17,289	7,755,006
<b>Cumulative E&amp;E incurred, end of period</b>	<b>\$ 41,115,366</b>	<b>\$ 77,542</b>	<b>\$ 41,192,908</b>	<b>\$ 31,289,275</b>	<b>\$ 77,452</b>	<b>\$ 31,366,727</b>

<sup>(1)</sup> Project management and social and community costs include payments made to key management personnel (see Note 15).

<sup>(2)</sup> E&E expenditures have been disclosed on a cumulative basis since January 1, 2004 for the Cangrejos Project.

**7. SHARE CAPITAL**

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

<b>Issued and fully paid:</b>	Number of Common Shares	Amount
Balance, December 31, 2018 and June 30, 2019	309,529,893	\$ 76,482,853
Balance, December 31, 2019	331,273,893	\$ 86,719,445
Shares issued on exercise of stock options (a)	85,000	35,655
<b>Balance, June 30, 2020</b>	<b>331,358,893</b>	<b>\$ 86,755,100</b>

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

**8. SHARE-BASED PAYMENTS**

**(a) Stock option plan**

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

The Company granted no stock options during the six months ended June 30, 2020 and 2019.

**LUMINA GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Three and six months ended June 30, 2020 and 2019**

Unaudited

(expressed in U.S. dollars)

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

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

Pursuant to the Company's accounting policy for share-based payments, the fair value of options vesting during the three and six months ended June 30, 2020, in the amount of \$222,807 and \$446,176 (three and six months ended June 30, 2019 - \$237,730 and \$484,834) has been recorded in the consolidated statement of comprehensive loss. Of this amount, \$153,010 and \$306,587 (2019 periods - \$159,931 and \$330,095) has been included in fees, salaries and other employee benefits (Note 9) and \$69,797 and \$139,589 (2019 periods - \$77,799 and \$154,739) has been expensed to exploration and evaluation expenditures (Note 6(b)).

**(b) Outstanding stock options**

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

	Three and six months ended June 30,			
	2020		2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	19,458,654	C\$ 0.55	15,993,654	C\$ 0.55
Exercised	(85,000)	C\$ 0.28	-	C\$ -
Outstanding, end of period	19,373,654	C\$ 0.55	15,993,654	C\$ 0.55

The weighted average share price at the date of exercise for share options exercised in the three and six months ended June 30, 2020 was \$0.61. At June 30, 2020, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted average life (years)	Exercise Price	Number of Options	Exercise Price
1,290,000	December 4, 2020	0.43	C\$ 0.28	1,290,000	C\$ 0.28
1,173,654	April 20, 2021	0.81	C\$ 0.42	1,173,654	C\$ 0.42
1,940,000	December 30, 2021	1.50	C\$ 0.71	1,940,000	C\$ 0.71
500,000	March 6, 2022	1.68	C\$ 0.80	500,000	C\$ 0.80
2,090,000	December 7, 2022	2.44	C\$ 0.58	2,090,000	C\$ 0.58
5,175,000	December 4, 2023	3.43	C\$ 0.56	3,460,423	C\$ 0.56
7,205,000	October 11, 2024	4.28	C\$ 0.54	2,393,344	C\$ 0.54
19,373,654		3.04	C\$ 0.55	12,847,421	C\$ 0.55

**9. FEES, SALARIES AND OTHER EMPLOYEE BENEFITS**

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Fees and salaries	\$ 151,143	\$ 178,108	\$ 318,443	\$ 372,980
Other benefits	1,660	-	1,660	-
Share-based payments (Note 8(a))	153,010	159,931	306,587	330,095
	\$ 305,813	\$ 338,039	\$ 626,690	\$ 703,075

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**10. LOSS PER SHARE**

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

	Three months ended June 30,	
	2020	2019
Net loss	\$ 1,824,131	\$ 5,059,733
Weighted average number of common shares outstanding (basic and diluted)	331,277,629	309,529,893
Loss per share – basic and diluted	\$ 0.01	\$ 0.02
	Six months ended June 30,	
	2020	2019
Net loss	\$ 4,365,140	\$ 8,388,860
Weighted average number of common shares outstanding (basic and diluted)	331,275,761	309,529,893
Loss per share – basic and diluted	\$ 0.01	\$ 0.03

Basic loss per share is computed by dividing the net loss of the Company by the weighted average number of common shares outstanding during the period. 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 8) were anti-dilutive for the three and six months ended June 30, 2020 and 2019.

**11. 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.

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**12. FINANCIAL INSTRUMENTS**

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

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

	Note	Category	June 30, 2020	December 31, 2019
Cash and cash equivalents	3	Amortized cost	\$ 1,883,687	\$ 6,247,867
Receivables	4	Amortized cost	44,732	66,791
Environmental deposit		Amortized cost	33,263	32,206
Accounts payable and accrued liabilities		Amortized cost	\$ 747,403	\$ 1,365,188

The recorded amounts for cash and cash equivalents, 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."

**(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.

**13. FINANCIAL INSTRUMENT RISKS**

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

**(a) Credit Risk**

At June 30, 2020, the Group considers that its cash and cash equivalents, receivables and environmental deposit are exposed to credit risk, representing maximum exposure of \$1,961,682 (December 31, 2019 - \$6,346,864). Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk on its cash is minimized by maintaining these assets with high-credit quality financial institutions. At June 30, 2020, the Group's cash and cash equivalents were held at two financial institutions (December 31, 2019 – two financial institutions).

**(b) Liquidity Risk**

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they become due. The Group manages liquidity risk by ensuring that it has sufficient cash available to meet its obligations. These requirements are met through a combination of cash on hand, disposition of assets, accessing capital markets and loans. At June 30, 2020, the Group's current liabilities consisted of trade and other payables of \$747,403 which are due primarily within three months from the period end. The Group's cash and cash equivalents of \$1,883,687 at June 30, 2020, 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 and cash equivalents as at June 30, 2020, 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 \$19,000 in the Group's interest income on an annual basis.

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**13. FINANCIAL INSTRUMENT RISKS (continued)****(c) Market Risks (continued)***Currency Risk:*

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

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

The table below shows the impact that a 1% fluctuation in foreign currency rates compared to the U.S. dollar would have on the Group's consolidated loss, comprehensive loss and equity based upon the assets held at June 30, 2020.

Financial Instrument Type	U.S. Dollar	Currency	+/- 1% Fluctuation	
Cash	\$ 254,013	CAD dollar	\$ 2,540	\$ (2,540)
Accounts payable and accrued liabilities	(21,332)	CAD dollar	(213)	213
<b>Total</b>	<b>\$ 232,681</b>		<b>\$ 2,327</b>	<b>\$ (2,327)</b>

*Other Price Risk:*

The Group did not hold any financial instruments that had direct exposure to other price risks at June 30, 2020.

**14. 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.

**15. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS***Information about subsidiaries:*

The consolidated financial statements include the following material subsidiary:

	Country of Incorporation	% Equity interest at	
		June 30, 2020	December 31, 2019
Odin Mining del Ecuador S.A. ("Odin")	Ecuador	100	100

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**15. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS (continued)**

*Related party expenses and balances:*

The Group incurred the following expenses with related parties:

Company	Nature of transactions	Three months ended June 30,	
		2020	2019
Miedzi Copper Corp. ("Miedzi")	E&E (geological)	\$ 5,118	\$ 30,498
Miedzi	G&A	12,021	14,007
Miedzi	Fees	42,369	49,857
Hathaway Consulting Ltd.	Fees	23,004	23,545
Into the Blue Management Inc.	Fees	22,176	15,131
Koval Management Inc.	Fees	43,157	43,403
La Mar Consulting Inc.	E&E (social and community)	32,793	38,550
Luminex Services Ecuador LS- EC S.A. ("Luminex Services")	E&E (geological; social and community; and field office)	99,294	76,692
Lyle E Braaten Law Corp.	Fees	15,318	15,674
		\$ 295,250	\$ 307,357

Company	Nature of transactions	Six months ended June 30,	
		2020	2019
Miedzi	E&E (geological)	\$ 18,226	\$ 73,339
Miedzi	G&A	20,518	25,534
Miedzi	Fees	86,775	118,386
Hathaway Consulting Ltd.	Fees	47,626	47,253
Into the Blue Management Inc.	Fees	45,839	15,131
Koval Management Inc.	Fees	87,921	87,198
La Mar Consulting Inc.	E&E (social and community)	65,586	77,100
Luminex Services	E&E (geological; social and community; and field office)	187,241	156,354
Lyle E Braaten Law Corp.	Fees	31,729	31,481
		\$ 591,461	\$ 631,776

Miedzi is considered a company related by way of directors, officers and shareholders in common. Hathaway Consulting Ltd., Into the Blue Management Inc., Koval Management Inc., La Mar Consulting Inc. and Lyle E Braaten Law Corp. are related by way of being owned by directors or officers of the Company. Luminex Services is a wholly-owned subsidiary of Luminex Resources Corp. (a company related by way of directors, officers and shareholders in common) 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 June 30, 2020, \$37,035 owing to Luminex Services was included in accounts payable and accrued liabilities. There were no amounts owing to related parties at December 31, 2019.

*Key management personnel compensation*

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Short-term benefits (i)	\$ 188,875	\$ 189,647	\$ 384,845	\$ 383,156
Share-based payments (ii)	-	-	-	-
<b>Total remuneration</b>	<b>\$ 188,875</b>	<b>\$ 189,647</b>	<b>\$ 384,845</b>	<b>\$ 383,156</b>

(i) Short-term benefits include fees and salaries, including where those costs have been allocated to E&E expenditures (see Note 6(b)).

(ii) Share-based payments are the fair value of options granted (vested and unvested) to key management personnel as at the grant date (see Note 8(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 three or six months ended June 30, 2020 and 2019.



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**16. COMMITMENTS AND CONTINGENT LIABILITY**

*Commitments*

As at June 30, 2020, the Group has entered into agreements that are not recognized as ROU assets and that include rental agreements that require minimum payments in the aggregate as follows:

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Within one year	\$	7,000
After one year but not more than five years		-
More than five years		-
	<hr/>	<hr/>
	\$	7,000

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*Contingent liability*

Lumina has entered into an agency agreement with Miedzi and Luminex to facilitate transactions between the entities and provide clarity around ongoing G&A costs in the case of withdrawal from the agency agreement, including provisions for rent of premises and personnel costs. At June 30, 2020, and assuming withdrawal from the agency agreement at that date, Lumina's obligation to Miedzi would be approximately \$340,000 (December 31, 2019 - \$424,000).

**17. POST-REPORTING DATE EVENT**

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of the condensed consolidated interim financial statements except for the exercise of 1,123,334 stock options in July and August 2020.