LUMINA GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

TSX-V: LUM

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INDEPENDENT AUDITOR'S 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 statements of financial position as at December 31, 2022 and December 31, 2021
- the consolidated statements of loss and comprehensive loss for the years ended December 31, 2022 and December 31, 2021
- the consolidated statements of changes in equity for the years ended December 31, 2022 and December 31, 2021
- the consolidated statements of cash flows for the years ended December 31, 2022 and December 31, 2021
- 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, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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 indicates that the Entity has incurred recurring losses, an accumulated deficit, and expects to incur further losses in the development of its mineral exploration projects. The Entity will be required to obtain additional financing to in the future.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the "***Material Uncertainty related to Going Concern***" section of the auditor's report, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. Other information comprises the information included in 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 auditor's 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 auditor's 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 (IFRS) as issued by the International Accounting Standards Board (IASB), 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is James Barron.

Vancouver, Canada
May 1, 2023

LUMINA GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in U.S. dollars)

	Note	December 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash	4	$ 795,208	$ 12,032,208
Other receivables	5	52,519	63,728
Prepaid expenses		94,759	104,812
Total current assets		942,486	12,200,748
Non-current assets			
Environmental deposit		53,388	51,069
Property and equipment	6	3,861,126	3,906,663
Exploration and evaluation assets	7(a)	1,701,100	1,701,100
Total assets		$ 6,558,100	$ 17,859,580
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	18	$ 1,024,526	$ 712,689
Lease obligations	6	38,641	-
Loan	8	7,974,963	-
Derivative liabilities	9	1,524,327	-
Total liabilities		10,562,457	712,689
EQUITY (DEFICIT)			
Share capital	10	107,958,475	107,979,969
Share-based payment reserve		7,592,242	6,485,901
Accumulated deficit		(119,555,074)	(97,318,979)
Total equity (deficit)		(4,004,357)	17,146,891
Total liabilities and equity (deficit)		$ 6,558,100	$ 17,859,580

Going concern (Note 2(c))
Commitments and contingent liability (Note 20)
Subsequent events (Note 21)

APPROVED BY THE DIRECTORS

"Marshall Koval"
Director

"Donald Shumka"
Director

LUMINA GOLD CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2022 and 2021

(expressed in U.S. dollars)

	Note		**Year ended December 31, 2022**		**2021**
Expenses					
Exploration and evaluation ("E&E") expenditures	7(b), 18	$	19,506,437	$	5,555,894
Fees, salaries and other employee benefits	12, 18		1,678,785		1,589,056
General and administration ("G&A")	18		367,984		395,636
Professional fees			254,876		196,033
Insurance			45,484		34,679
			(21,853,566)		(7,771,298)
Other income (expenses)					
Change in fair value of derivative liabilities	9		(176,517)		-
(Loss) gain on settlement of loan	8		(72,680)		146,122
Interest income and other			22,008		8,230
Interest and financing expense			(392,371)		(282,542)
Foreign exchange gain (loss)			237,031		(24,150)
			(382,529)		(152,340)
Net loss and comprehensive loss for the year		$	(22,236,095)	$	(7,923,638)
Loss per share – basic and diluted	13	$	(0.06)	$	(0.02)
Weighted average number of shares outstanding – basic and diluted	13		376,356,273		343,619,395

LUMINA GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(expressed in U.S. dollars)

	Note	Year ended December 31, 2022	2021
Operating activities			
Loss for the year		$ (22,236,095)	$ (7,923,638)
Adjustment for non-cash items:			
Depreciation	6	179,116	176,001
Environmental deposit interest earned		(2,319)	(1,596)
Foreign exchange on standby loan	8	(239,725)	(11,237)
Loss (gain) on settlement of standby loan	8	72,680	(146,122)
Change in fair value of derivative liabilities	9	176,517	-
Share-based payment	11(a)	1,106,341	991,525
Deduct: interest income		(19,689)	(6,551)
Add: interest and financing expense		392,371	282,542
Net changes in non-cash working capital items:			
Other receivables		11,209	(9,839)
Prepaid expenses		10,053	(33,345)
Accounts payable and accrued liabilities		311,837	569,902
Net cash utilized in operating activities		(20,237,704)	(6,112,358)
Investing activities			
Payment of environmental deposit		-	(49,473)
Expenditures on property and equipment		(58,228)	(38,249)
Interest received		19,689	6,551
Net cash utilized in investing activities		(38,539)	(81,171)
Financing activities			
Payment of lease obligations	6	(36,710)	(40,111)
Payment of interest on lease obligations	6	(5,240)	(1,877)
Loan proceeds	8	9,102,687	2,989,086
Loan fees paid	8	-	(29,891)
Shares issued	10	-	15,513,692
Cost to issue shares	10	(21,494)	(740,943)
Net cash provided by financing activities		9,039,243	17,689,956
(Decrease) increase in cash		(11,237,000)	11,496,427
Cash, beginning of year		12,032,208	535,781
Cash, end of year	4	$ 795,208	$ 12,032,208

Non-cash financing activity: see Note 6 for details of right-of-use asset additions and Notes 8 and 10 for details of shares issued to settle the standby loan.

LUMINA GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

For the years ended December 31, 2022 and 2021

(expressed in U.S. dollars)

	Note	Share Capital Number of shares	Share Capital Amount	Share-based Payment Reserve	Accumulated Deficit	Total
Balance, December 31, 2020		333,616,428	$ 88,026,357	$ 6,176,775	$ (89,395,341)	$ 4,807,791
Shares issued, net of issue costs	10(a)	31,647,611	14,313,815	-	-	14,313,815
Exercise of stock options	10(b)	1,315,321	1,141,333	(682,399)	-	458,934
Shares issued re loan	10(c)	9,776,913	4,498,464	-	-	4,498,464
Share-based payment	11(a)	-	-	991,525	-	991,525
Comprehensive loss		-	-	-	(7,923,638)	(7,923,638)
Balance, December 31, 2021		376,356,273	107,979,969	6,485,901	(97,318,979)	17,146,891
Share issue costs	10(d)	-	(21,494)	-	-	(21,494)
Share-based payment	11(a)	-	-	1,106,341	-	1,106,341
Comprehensive loss		-	-	-	(22,236,095)	(22,236,095)
Balance, December 31, 2022		376,356,273	$ 107,958,475	$ 7,592,242	$ (119,555,074)	$ (4,004,357)

See Accompanying Notes to the Consolidated Financial Statements

1. NATURE OF OPERATIONS

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

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

2. BASIS OF PREPARATION AND GOING CONCERN

(a) Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved and authorized for issue by the Board of Directors ("Board") on May 1, 2023.

(b) Basis of preparation

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

(c) Going concern

These consolidated financial statements have been prepared on the going concern basis which assumes that the Company will be able to realize, in the foreseeable future, its assets and discharge its liabilities in the normal course of business as they come due. To December 31, 2022, the Company has incurred cumulative losses of $119,555,074. Additionally, the Company has a net loss of $22,236,095 for the year ended December 31, 2022 and utilized cash in operating activities of $20,237,704. The ability of the Company 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 Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests or a combination thereof. The Company believes that it will be able to continue as a going concern for the foreseeable future based on the Company's historical and anticipated ability to raise additional financing to further advance the Company's Cangrejos Project and indications of shareholder support. However, the Company will continue to incur losses in the development of its mineral exploration project and, as noted above, the Company will require additional funding in the future.

COVID-19 and other geopolitical matters such as the Russia / Ukraine conflict continue to impact world affairs. The ultimate duration of these matters and magnitude of their impact on the economy, capital markets and the Company's financial position cannot be estimated at this time. The Company continues to monitor developments and adapt its business plans accordingly. There can be no assurance that management's plans to raise additional financing to further advance the Cangrejos Project will be successful.

These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Overall considerations

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

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 Lumina. 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, it 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 entity in the Company.

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

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

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

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

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 Company 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 Company'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 shorter of (i) the term of the lease or (ii) the estimated useful life of the asset

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 the consolidated statement of 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

Lease definition

At inception of a contract, the Company 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 Company 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.

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

At lease commencement, the Company 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 Company's property and equipment. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leases (continued)

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

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 Company'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 Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company 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 Company 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 expensed as incurred.

(k) Interest income

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

(l) Provisions

Provisions are recognized when the Company 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 Company 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.

As at December 31, 2022 and 2021, the Company did not have any asset retirement obligations.

The Company 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 Company 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 Company believes it conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company 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 Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial Instruments

Non-derivative financial assets

The Company 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 the consolidated statement of 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 consolidated statement of loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities

Financial liabilities, including the loans as disclosed in Note 8, 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 the consolidated statement of loss over the period to maturity using the effective interest method.

Derivative liabilities

Derivatives are initially recognized at their fair value on the date the derivative contract is entered into, and transaction costs are expensed. The Company’s derivatives are subsequently re-measured at their fair value at each statement of financial position date with changes in fair value recognized in the consolidated statement of loss.

As the exercise price of the Company’s share purchase warrants and convertible loan shares (the “Convertible Units”) are fixed in Canadian dollars, and the functional currency of the Company is the U.S. dollar, these warrants and Convertible Units are considered derivatives as a variable amount of cash in the Company’s functional currency will be received on exercise. Accordingly, these share purchase warrants and the Convertible Units are classified and accounted for as a derivative liabilities. The fair value of the warrants and Convertible Units are determined using the Black Scholes option pricing model at inception and the relevant period-end dates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment of assets

Impairment of financial assets at amortized cost

The Company 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 Company 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 Company has no material loss allowance at December 31, 2022 and 2021.

Non-financial assets

At the end of each reporting period, the Company 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 Company considers the following indicators of impairment: (i) whether the period for which the Company 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 Company 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 the consolidated statement of 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 the consolidated statement of loss.

(p) Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the consolidated statement of 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 Company 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 Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. Lumina'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 Lumina 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

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

Exploration and evaluation assets

The application of the Company'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 the consolidated statement of loss in the period when the new information becomes available. The carrying value of these assets is detailed at Note 7(a).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Significant accounting judgments and estimates (continued)

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. Significant assumptions related to share-based payments are disclosed in Note 11.

Valuation of derivative liabilities

The valuation of the Company's derivative financial instruments requires the use of option pricing models or other valuation techniques. Measurement of warrants and convertible loans with exercise prices denominated in Canadian dollars that are not listed for trading is based on an option pricing model that uses assumptions with respect to share price, expected life, share price volatility and discount rates. Changes in these assumptions and estimates could result in changes in the fair value of these instruments and a corresponding change in the amount recognized in net income (loss). Significant assumptions related to derivatives are disclosed in Notes 8 and 9.

(u) Changes in accounting policies

There were no new accounting standards and interpretations effective from January 1, 2022, that had a material impact on the Company's consolidated financial statements.

(v) Standards issued but not yet effective

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

4. CASH

The Company's cash, by currency, at December 31, 2022 and December 31, 2021 was as follows:

		December 31, 2022		December 31, 2021
Cash at bank and in hand denominated in Canadian dollars	$	408,689	$	4,528,299
Cash at bank and in hand denominated in U.S. dollars		386,519		7,503,909
	$	795,208	$	12,032,208

5. OTHER RECEIVABLES

		December 31, 2022		December 31, 2021
Refundable goods and services tax	$	48,532	$	23,917
Other		3,987		39,811
	$	52,519	$	63,728

The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against other receivables. The Company's other receivables are all considered current and are not past due. The Company 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, 2020	$ 2,708,805	$ 1,669,701	$ 106,873	$ 4,485,379
Additions	-	38,249	1,786	40,035
December 31, 2021	2,708,805	1,707,950	108,659	4,525,414
Additions	-	58,228	80,183	138,411
Disposals	-	-	(113,491)	(113,491)
December 31, 2022	$ 2,708,805	$ 1,766,178	$ 75,351	$ 4,550,334
Accumulated Depreciation				
December 31, 2020	$ -	$ 371,177	$ 71,573	$ 442,750
Depreciation for the year	-	138,915	37,086	176,001
December 31, 2021	-	510,092	108,659	618,751
Depreciation for the year	-	140,979	38,137	179,116
Disposals	-	-	(108,659)	(108,659)
December 31, 2022	$ -	$ 651,071	$ 38,137	$ 689,208
Net book value				
December 31, 2021	$ 2,708,805	$ 1,197,858	$ -	$ 3,906,663
December 31, 2022	$ 2,708,805	$ 1,115,107	$ 37,214	$ 3,861,126

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

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

ROU assets

The Company 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 years ended December 31, 2022 and 2021 is as follows:

December 31, 2020	$ 38,325
Addition	1,786
Interest accretion	1,877
Lease payments	(41,988)
December 31, 2021	-
Addition	80,183
Disposal	(4,832)
Interest accretion	5,240
Lease payments	(41,950)
December 31, 2022	$ 38,641

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

	December 31, 2022	December 31, 2021
Undiscounted minimum lease payments		
Within one year	$ 40,535	$ -
Between one to two years	-	-
Total undiscounted lease obligations	40,535	-
Less: future interest charges	(1,894)	-
Total discounted lease obligations	38,641	-
Less: current portion of lease obligations	(38,641)	-
Non-current portion of lease obligations	$ -	$ -

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

Cangrejos

At December 31, 2022, the Company had seven contiguous mineral concessions (December 31, 2021 – seven) located near Machala in southwest Ecuador, collectively known as the “Cangrejos Project” and representing a land area of 6,373 hectares. See Note 21(c) re a disposal of a non-material concession area subsequent to December 31, 2022.

In December 2021, an Exploration Investment Protection Agreement (“EIPA”) for the Cangrejos Project was signed with the Government of Ecuador (the “Government”). The EIPA provides a foundation that can be built upon as the Cangrejos Project advances, leading towards future negotiation of an Exploitation Agreement and Exploitation Investment Protection Agreement required for mine construction and operations. Such further negotiation would occur after the completion of a Pre-Feasibility Study for the Cangrejos Project. The EIPA explicitly covers an investment totalling a minimum of $36 million for the period 2019-2024 and also covers investments by the Company in Ecuador from December 2010 to the end of 2018. The agreement also extends to any additional investments made in Ecuador during the period to 2024 and beyond. Under the terms of the EIPA, the Government pledges to maintain legal certainty and stability for the Company’s investment, as well as to provide non-discriminatory treatment compared to other similar projects with regards to the administration, operation, expansion, and transfer of the Company's investments. In addition, the Government commits that it will not subject the Company and its investments to arbitrary or discriminatory measures. The guarantee also extends to property rights, barring any confiscation or other termination of rights without fair compensation, and also forbids restrictions on the legal transfer of the investment (e.g., the project or local holding companies) by the Company or its shareholders. The agreement also contains detailed procedures for dispute resolution, with arbitration in London pursuant to the rules of the International Chamber of Commerce.

Annual expenditures / Acquisition cost and carrying value

To maintain its mineral concessions the Company is required to meet certain spending requirements as communicated to the Government of Ecuador. Further details are provided in Note 20. The carrying value of the Company’s Cangrejos Project at December 31, 2022 is $1,701,100 (December 31, 2021 - $1,701,100).

(b) Exploration and evaluation expenditures

The Company’s exploration and evaluation expenditures (“E&E”) on its Cangrejos Project for the years ended December 31, 2022 and 2021 are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Assays / Sampling	$ 709,049	$ 8,537
Camp	1,114,497	754,778
Camp access and improvements	202,637	94,132
Drilling	9,412,708	1,018,930
Engineering	2,467,478	85,607
Environmental, Health & Safety	838,783	502,634
Field office	599,893	372,652
Geological consulting	656,599	390,675
Geological and field staff	358,008	88,098
Legal fees	62,973	165,180
Metallurgical	327,378	-
Mineral rights and property fees	292,143	226,659
Project management[1]	795,988	674,933
Reports	136,021	-
Social and community[1]	627,568	544,929
Share-based payment (Note 11(a))	364,730	304,987
Transportation and accommodation	539,984	323,163
Costs incurred during the year	$ 19,506,437	$ 5,555,894
Cumulative E&E incurred, beginning of year [2]	$ 48,962,051	$ 43,406,157
E&E incurred during the year	19,506,437	5,555,894
Cumulative E&E incurred, end of year	$ 68,468,488	$ 48,962,051

[1] Expenses classified and recorded as project management and social and community costs include key management personnel costs (see Note 18).
[2] E&E expenditures have been disclosed on a cumulative basis since January 1, 2004 for the Cangrejos Project.

8. LOANS

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

On September 13, 2021, the Company and Ross Beaty entered into an amendment agreement whereby the available amount on the First Standby Loan was adjusted to C$6 million and the repayment date of September 30, 2021, amended to December 31, 2021. All other terms and conditions of the First Standby Loan remained unchanged. The Company drew an additional C$600,000 in September 2021. For the year ended December 31, 2021, the Company incurred drawdown and standby fee costs totalling C$37,500 in respect to the First Standby Loan, which were included in the carrying value of the First Standby Loan and amortized using effective interest rates ranging from 10.3% to 13.4%. The First Standby Loan (and accrued interest) was settled in two tranches, by the issuance of common shares of the Company: (i) in October 2021, 8,666,666 common shares were issued and (ii) in November 2021, 1,110,247 common shares were issued (see Note 10(c) for more details).

On July 5, 2022, the Company entered into an agreement with Ross Beaty to establish a C$10 million unsecured credit facility (the "Second Standby Loan"). The Second Standby Loan bears interest at a rate of 10% per annum and matures on the earlier of: (i) July 5, 2023; (ii) two business days after the Company receives aggregate gross proceeds from one or more equity financings in excess of C$15 million; or (iii) the date of a change of control of the Company, at which time it is to be repaid in full. In connection with the Second Standby Loan, the Company granted 3,000,000 common share purchase warrants to Mr. Beaty (the "Bonus Warrants"), due upon the initial draw on the facility.

An initial draw of C$1,500,000 was made on July 7, 2022. The Bonus Warrants entitle the holder to acquire one common share of the Company at a price of C$0.38 per common share until July 7, 2024. In the event that the Second Standby Loan is repaid prior to July 5, 2023, the Bonus Warrants will expire on July 7, 2023. Further draws on the Second Standby Loan were made as follows: C$4,000,000 on July 25, 2022, C$2,400,000 on September 1, 2022, C$1,000,000 on September 29, 2022, and C$1,100,000 on November 1, 2022 (for total drawn of C$10,000,000). The fair value of the Bonus Warrants (see Note 9(a)) on the date of the initial draw in the amount of $127,956 were included in the carrying value of the Second Standby Loan and are amortized using an effective interest rate of approximately 11.7%.

On December 13, 2022, the Company entered into an amendment agreement whereby the Second Standby Loan was adjusted to a total facility of C$15 million (the "Amended Second Standby Loan"). The Amended Second Standby Loan continues to bear interest at a rate of 10% per annum and matures on the earlier of: (i) December 31, 2023; (ii) two business days after the Company receives aggregate gross proceeds from one or more equity financings in excess of C$18 million; or (iii) the date of a change of control of the Company, at which time it is to be repaid in full. No additional warrants were granted to Mr. Beaty in connection with the Amended Second Standby Loan. The Amended Second Standby Loan plus accrued interest to December 13, 2022, is convertible to common shares of the Company at a price of C$0.42 per share at the option of Mr. Beaty for a total of up to 36,484,605 common shares, assuming the Amended Second Standby Loan is fully drawn by the Company.

A draw was made on the Amended Second Standby Loan on December 14, 2022, in the amount of C$2,000,000. The Amended Second Standby Loan is considered a new loan for IFRS purposes, replacing the Second Standby Loan in its entirety. The fair value of the Convertible Units related to the Amended Second Standby Loan on (i) the date of the new facility agreement and (ii) the draw of C$2,000,000, in the amounts of $961,052 and $258,802, respectively, have been included in the carrying value of the Amended Second Standby Loan and are amortized using effective interest rates ranging from 24.1% to 29.7%. See Note 9(b) for more details around the fair value of the Convertible Units arising from the Amended Second Standby Loan.

8. LOANS (continued)

The fair values of the Convertible Units, at each relevant date, was determined with Black-Scholes using the following inputs:

	December 13, 2022	December 14, 2022
Risk-free interest rate	3.74%	3.70%
Expected dividend yield	-	-
Expected stock price volatility	59%	59%
Expected life in years	1	1
Share price	C$0.33	C$0.37
Convertible price per common share	C$0.42	C$0.42
Exchange rate (U.S. Dollar to Canadian Dollar)	1.3547	1.3561
Number of Convertible Units	24,579,843[(1)]	4,761,904[(2)]
Fair value (total)	$961,052	$258,802
Fair value per Convertible Unit	$0.04	$0.05

(1) Calculated as to C$10,000,000 principal plus accrued interest of C$323,534 at December 13, 2022, divided by C$0.42 per share convertible price.
(2) Calculated as to C$2,000,000 principal divided by C$0.42 per share convertible price.

The following is a summary of the changes in loans and borrowings arising from investing and financing activities for the years ended December 31, 2022 and 2021:

Balance, December 31, 2020	$	1,415,963
Draws on loans, net of deferred financing costs		2,959,195
Accretion and accrued interest		280,665
Foreign exchange gain		(11,237)
Common shares issued to settle First Standby Loan (Note 10(c))		(4,498,464)
Gain on settlement of First Standby Loan		(146,122)
Balance, December 31, 2021		-
Draws on loans, net of deferred financing costs		7,754,877
Accretion and accrued interest		387,131
Unrealized foreign exchange gain		(239,725)
Loss on settlement of Second Standby Loan		72,680
Balance, December 31, 2022	$	7,974,963

9. DERIVATIVE LIABILITIES

(a) Warrants

The Company issued share purchase warrants as part of its Second Standby Loan in July 2022 (see Note 8). As the exercise price of the Company's share purchase warrants is fixed in Canadian dollars, these warrants are considered a derivative as a variable amount of cash in the Company's functional currency will be received on exercise. Accordingly, these warrants are classified and accounted for as a derivative liability at fair value through profit or loss. The fair value of the warrants is determined using the Black Scholes option pricing model at the time the warrants are issued and at each period-end date. The fair value of the warrants, at each relevant date, was determined using the following inputs:

	July 7, 2022	December 31, 2022
Risk-free interest rate	3.19%	4.07%
Expected dividend yield	-	-
Expected stock price volatility	45%	63%
Expected warrant life in years	1.00	0.52
Share price	C$0.35	C$0.355
Warrant exercise price per share	C$0.38	C$0.38
Exchange rate (U.S. Dollar to Canadian Dollar)	1.2986	1.3544
Fair value	$127,956	$131,736
Fair value per warrant	$0.04	$0.04

During the year ended December 31, 2022, the Company recognized a fair value loss of $3,780 pertaining to the warrant derivative liability.

9. DERIVATIVE LIABILITIES (continued

(a) Warrants (continued)

The following tables summarize warrants activity for the years ended December 31, 2022 and 2021:

	Year ended December 31, 2022			Year ended December 31, 2021		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of year	-	C$	-	-	C$	-
Granted	3,000,000	C$	0.38	-	C$	-
Outstanding, end of year	3,000,000	C$	0.38	-	C$	-

Warrants outstanding at December 31, 2022, are as follows:

Warrants Outstanding				Warrants Exercisable	
Number of Warrants	Expiry Date	Weighted average life (years)	Exercise Price	Number of Warrants	Exercise Price
3,000,000	July 7, 2024[1]	1.52	C$ 0.38	3,000,000	C$ 0.38

[1] As disclosed in Note 8, the expiry date of the warrants will be July 7, 2023, in the event that the Company repays its outstanding loan balance prior to July 5, 2023.

(b) Convertible Units arising from Amended Second Standby Loan

The Company's Amended Second Standby Loan (see Note 8) includes a convertible feature whereby the loan may be converted, at the option of the loan provider, to common shares of the Company at a rate of C$0.42 per common share for a total of up to 36,484,605 common shares. As the exercise price of the Company's Convertible Units is fixed in Canadian dollars, while the Company's functional currency is the U.S. dollar, these Convertible Units are considered a derivative as a variable amount of cash in the Company's functional currency will be received on exercise. Accordingly, these Convertible Units are classified and accounted for as a derivative liability at fair value through profit or loss. The fair value of the Convertible Units is determined using the Black Scholes option pricing model at the time the Convertible Units are issued and at each period-end date.

The fair value of the Convertible Units at inception is disclosed in Note 8. At December 31, 2022, the fair value of the Convertible Units derivative liability, was determined with Black-Scholes using the following inputs:

	December 31, 2022
Risk-free interest rate	4.07%
Expected dividend yield	-
Expected stock price volatility	58%
Expected life in years	1
Share price	C$0.355
Convertible price per common share	C$0.42
Exchange rate (U.S. Dollar to Canadian Dollar)	1.3544
Number of Convertible Units outstanding	29,341,747[1]
Fair value	$1,392,591
Fair value per Convertible Unit	$0.05

[1] Calculated as to C$12,000,000 principal plus accrued interest of C$323,534 (as at December 13, 2022), divided by C$0.42 per share convertible price.

During the year ended December 31, 2022, the Company recognized a fair value loss of $172,737 pertaining to the Convertible Units.

(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, 2020	333,616,428	$	88,026,357
Shares issued, net of issue costs (a)	31,647,611		14,313,815
Shares issued on exercise of stock options (b)	1,315,321		1,141,333
Shares issued on conversion of First Standby Loan (c)	9,776,913		4,498,464
Balance, December 31, 2021	376,356,273		107,979,969
Share issue costs (d)	-		(21,494)
Balance, December 31, 2022	376,356,273	$	107,958,475

(a) In October 2021, the Company closed concurrent private placement financings consisting of (i) a brokered private placement of 16,179,500 common shares at C$0.60 per share and (ii) a non-brokered private placement of 15,468,111 common shares at C$0.60 for proceeds of $14,313,815, net of issue costs of $740,943, which includes 6% finder's fees of $556,935 on a portion of the private placement proceeds.

(b) During the year ended December 31, 2021, a total of 1,315,321 stock options were exercised at a weighted average exercise price of $0.35 (C$0.43) per common share for total proceeds of $458,934. 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 $682,399.

(c) During the year ended December 31, 2021, the Company issued 9,776,913 common shares at an agreed price of C$0.60 per common share to repay the First Standby Loan and accrued interest thereon (Note 8). 8,666,666 common shares were issued in October 2021 with a market price of C$0.58 per common share and 1,110,247 common shares were issued in November 2021 with a market price of C$0.59 per common share.

(d) In March 2022, the Company received a reimbursement of share issue costs in the amount of $3,019 related to the brokered private placement financing that closed in October 2021. During the year ended December 31, 2022, the Company incurred share issue costs of $24,513 in connection with a potential equity financing that did not ultimately occur.

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, 2022, the Company granted 9,255,000 stock options (2021 – 6,000,000) to directors, officers, employees and consultants at a weighted average exercise price of C$0.405 and expiry date of November 18, 2027 (2021 - C$0.58 and expiry date of November 23, 2026). The weighted average fair value of the options granted in the year ended December 31, 2022 was estimated at $0.13 per option at the grant date using Black-Scholes (2021 - $0.18). The vesting schedule of 9,130,000 of the options granted in 2022 is ⅓ on the grant date, ⅓ one year after the grant date and ⅓ two years after the grant date. 125,000 options, which were issued to an investor relations consultant, vest as to ¼ every six months with the initial vesting period after six months.

(expressed in U.S. dollars)

11. SHARE-BASED PAYMENTS (continued)

(a) Stock option plan (continued)

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, 2022	2021
Risk-free interest rate	3.51%	1.47%
Expected dividend yield	-	-
Expected stock price volatility	46%	42%
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 Company's accounting policy for share-based payments, the fair value of options vesting during the year ended December 31, 2022, in the amount of $1,106,341 (2021 - $991,525) has been recorded in the consolidated statement of comprehensive loss. Of this amount, $741,611 (2021 - $686,538) has been included in fees, salaries and other employee benefits (Note 12) and $364,730 (2021 - $304,987) has been expensed to exploration and evaluation expenditures (Note 7(b)).

(b) Outstanding stock options

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

	2022 Number of Options		2022 Weighted Average Exercise Price	2021 Number of Options		2021 Weighted Average Exercise Price
Outstanding, beginning of year	24,800,798	C$	0.60	21,856,119	C$	0.61
Granted	9,255,000	C$	0.405	6,000,000	C$	0.58
Exercised	-	C$	-	(1,315,321)	C$	0.43
Expired	(2,458,333)	C$	0.62	(1,740,000)	C$	0.71
Outstanding, end of year	31,597,465	C$	0.54	24,800,798	C$	0.60

The weighted average share price at the date of exercise for share options exercised in 2021 was $0.49. For each reporting period, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

December 31, 2022 – Options Outstanding: Number of Options	Expiry Date	Weighted average life (years)		Exercise Price	Options Exercisable: Number of Options		Exercise Price
4,689,133	December 4, 2023	0.93	C$	0.56	4,689,133	C$	0.56
6,758,332	October 11, 2024	1.78	C$	0.54	6,758,332	C$	0.54
4,915,000	November 25, 2025	2.90	C$	0.75	4,915,000	C$	0.75
5,980,000	November 23, 2026	3.90	C$	0.58	3,965,852	C$	0.58
9,255,000	November 18, 2027	4.88	C$	0.405	3,043,341	C$	0.405
31,597,465		3.14	C$	0.54	23,371,658	C$	0.58

(expressed in U.S. dollars)

11. SHARE-BASED PAYMENTS (continued)

(b) Outstanding stock options (continued)

December 31, 2021					
Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted average life (years)	Exercise Price	Number of Options	Exercise Price
500,000	March 6, 2022	0.18	C$ 0.80	500,000	C$ 0.80
1,905,000	December 7, 2022	0.93	C$ 0.58	1,905,000	C$ 0.58
4,689,133	December 4, 2023	1.93	C$ 0.56	4,689,133	C$ 0.56
6,791,665	October 11, 2024	2.78	C$ 0.54	6,791,665	C$ 0.54
4,915,000	November 25, 2025	3.90	C$ 0.75	3,255,840	C$ 0.75
6,000,000	November 23, 2026	4.90	C$ 0.58	1,958,347	C$ 0.58
24,800,798		3.16	C$ 0.60	19,099,985	C$ 0.60

12. FEES, SALARIES AND OTHER EMPLOYEE BENEFITS

	Year ended December 31, 2022	2021
Fees and salaries	$ 936,866	$ 900,920
Other benefits	308	1,598
Share-based payments (Note 11(a))	741,611	686,538
	$ 1,678,785	$ 1,589,056

13. LOSS PER SHARE

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

	Year ended December 31, 2022	2021
Net loss	$ (22,236,095)	$ (7,923,638)
Weighted average number of common shares outstanding (basic and diluted)	376,356,273	343,619,395
Loss per share – basic and diluted	$ (0.06)	$ (0.02)

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

All of the stock options, warrants and Convertible Units currently issued (see Notes 9 and 11) were anti-dilutive for the years ended December 31, 2022 and 2021.

(expressed in U.S. dollars)

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 available working capital by carrying out its planned acquisition, exploration and development activities on mineral properties and continuing to pay administrative costs.

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

15. FINANCIAL INSTRUMENTS

(a) Categories of financial assets and financial liabilities

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

	Note	Category	December 31, 2022	December 31, 2021
Cash	4	Amortized cost	$ 795,208	$ 12,032,208
Other receivables	5	Amortized cost	3,987	39,811
Environmental deposit		Amortized cost	53,388	51,069
Accounts payable and accrued liabilities		Amortized cost	1,024,526	712,689
Lease obligations		Amortized cost	38,641	-
Loan	8	Amortized cost	7,974,963	-
Derivative liabilities	9	FVTPL	1,524,327	-

The recorded amounts for cash, other receivables, environmental deposit, accounts payable and accrued liabilities and loan approximate their fair value due to the short-term maturities of these instruments and/or the market interest rate being earned or charged thereon. Lease obligations and loans are initially measured at their fair value with subsequent measurement at amortized cost using the effective interest rate method. Income earned on the Company's cash has been disclosed in the consolidated statements of loss and comprehensive loss under the caption "interest income and other."

Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statements of loss and comprehensive loss for the period.

(b) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels in which to classify the inputs of valuation techniques used to measure fair values.

Level 1 – quoted market prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices).
Level 3 – inputs are unobservable (supported by little or no market activity) such as non-corroborative indicative prices for a particular instrument provided by a third party.

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The fair value of the Company's derivative liabilities are determined using Level 2 inputs.

16. FINANCIAL INSTRUMENT RISKS

The Company 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 Company's operations and all transactions undertaken are to support the Company'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 Company considers that its cash, other receivables and environmental deposit are exposed to credit risk, representing maximum exposure of $852,583 (2021 - $12,123,088). 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 Company's exposure to credit risk on its cash is minimized by maintaining these assets with high-credit quality financial institutions. At December 31, 2022, the Company's cash was held at two financial institutions (2021 – two financial institutions).

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company 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, 2022, the Company's current liabilities consisted of trade and other payables of $1,024,526, due primarily within three months from the period end, a loan of $7,974,963, due on December 31, 2023 (see Note 8) and current lease obligations of $38,641. The Company's cash of $795,208 at December 31, 2022, is not sufficient to pay for these current liabilities in the absence of additional financing. See Note 21 for details on additional funds drawn on the Company's Amended Second Standby Loan subsequent to December 31, 2022.

(c) Market risks

The significant market risk exposures to which the Company 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 Company will fluctuate because of changes in market interest rates. Based on the Company's cash as at December 31, 2022 and 2021, and assuming that all other variables remained constant, a 1% increase or decrease in interest rates would result in an increase or decrease of approximately, $8,000 and $120,000 respectively, in the Company's interest income on an annual basis.

Currency risk

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

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 Company's comprehensive loss and equity (deficit) based upon the assets held at each date disclosed.

(expressed in U.S. dollars)

16. FINANCIAL INSTRUMENT RISKS (continued)

(c) Market risks (continued)

Currency risk (continued)

December 31, 2022:

Financial Instrument Type		U.S. Dollar	Currency		+/- 1% Fluctuation		
Cash	$	408,689	CAD dollar	$	4,087	$	(4,087)
Accounts payable and accrued liabilities		(570,930)	CAD dollar		(5,709)		5,709
Loan		(7,974,963)	CAD dollar		(79,750)		79,750
Derivative liabilities		(1,524,327)	CAD dollar		(15,243)		15,243
Total	$	(9,661,531)		$	(96,615)	$	96,615

December 31, 2021:

Financial Instrument Type		U.S. Dollar	Currency		+/- 1% Fluctuation		
Cash	$	4,528,299	CAD dollar	$	45,283	$	(45,283)
Accounts payable and accrued liabilities		(12,716)	CAD dollar		(127)		127
Total	$	4,515,583		$	45,156	$	(45,156)

Other Price Risk

The Company did not hold any financial instruments that had direct exposure to other price risks at December 31, 2022 and 2021.

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 maker is carried out on a consolidated basis.

18. COMPANY INFORMATION AND RELATED PARTY TRANSACTIONS

Information about subsidiaries

The consolidated financial statements include the following material subsidiary:

	Country of Incorporation	% Equity interest at December 31, 2022	2021
Odin Mining del Ecuador S.A. ("Odin")	Ecuador	100	100

(expressed in U.S. dollars)

18. COMPANY INFORMATION AND RELATED PARTY TRANSACTIONS (continued)

Related party expenses and balances

In addition to the related party transactions described elsewhere in these financial statements (see Note 8 for loans from shareholder Ross Beaty), the Company incurred the following expenses with related parties:

Related company	Nature of transactions	Year ended December 31, 2022	2021
Miedzi Copper Corp. ("Miedzi")	E&E (geological)	$ 37,224	$ 8,917
Miedzi	G&A	39,564	63,967
Miedzi	Fees	191,380	248,755
Hathaway Consulting Ltd.	Fees	144,441	145,788
Into the Blue Management Inc.	Fees	116,916	134,332
Koval Management Inc.	Fees	240,205	240,329
La Mar Consulting Inc.	E&E (social and community)	155,144	158,420
Luminex Services Ecuador LS-EC S.A. ("Luminex Services")	E&E (geological; social and community; and field office)	-	229,789
Lyle E Braaten Law Corp.	Fees	114,011	122,801
		$ 1,038,885	$ 1,353,098

Miedzi is considered a company related by way of directors, officers and shareholders in common. Hathaway Consulting Ltd., Into the Blue Management Inc., Koval Management Inc., La Mar Consulting Inc. and Lyle E Braaten Law Corp. are related by way of being owned by directors or officers of the Company. Luminex Services is a wholly owned subsidiary of Luminex Resources Corp. ("Luminex") and provided personnel services to Odin in 2021. Luminex is considered a related party by way of directors, officers and shareholders in common. Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are unsecured, and settlement occurs in cash. The amounts below were included in accounts payable and accrued liabilities as owing to related parties:

Related company	December 31, 2022	2021
Hathaway Consulting Ltd.	$ 49,343	$ -
Into the Blue Management Inc.	33,225	-
Koval Management Inc.	47,992	-
La Mar Consulting Inc.	22,150	-
Lyle E Braaten Law Corp.	40,608	-
	$ 193,318	$ -

Key management personnel compensation

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

	Year ended December 31, 2022	2021
Short-term benefits (i)	$ 1,050,225	$ 1,082,018
Share-based payments (ii)	768,310	666,449
Total remuneration	$ 1,818,535	$ 1,748,467

(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, 2022 and 2021.

(expressed in U.S. dollars)

19. TAXES

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

		December 31, 2022		December 31, 2021
Deferred income tax assets				
Exploration and evaluation assets	$	44,690,000	$	30,147,000
Non-capital income tax losses carried forward		37,941,000		31,270,000
Capital losses carried forward		8,689,000		8,792,000
Other assets		1,259,000		1,555,000
		92,579,000		71,764,000
Unrecognized deferred income tax assets		(92,579,000)		(71,764,000)
	$	-	$	-

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

	Year ended December 31,			
		2022		2021
Loss before income taxes	$	(22,236,095)	$	(7,923,638)
Canadian statutory rate		27%		27%
Income tax benefit computed at Canadian statutory rates	$	(6,004,000)	$	(2,139,000)
Permanent differences		355,000		194,000
Expiry of losses carried forward		116,000		73,000
Other		(104,000)		(229,000)
Differences between foreign and Canadian statutory rates		739,000		212,000
Change in unrecognized deferred tax assets		4,898,000		1,889,000
	$	-	$	-

At December 31, 2022, the Company has Canadian capital losses that may be carried forward indefinitely of approximately $8,689,000 and Canadian non-capital income tax losses carried forward of approximately $34,140,000 expiring in various years to 2042, that may be available to offset future taxable income. The Company also has net operating losses which can be carried forward in Ecuador for five years of approximately $3,801,000. The Company tax losses expire as follows:

Year of Expiry		Canada		Ecuador
2023	$	-	$	737,000
2024		-		924,000
2025		-		987,000
2026		295,000		572,000
2027		97,000		581,000
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		3,105,000		-
2039		4,819,000		-
2040		4,391,000		-
2041		3,164,000		-
2042		6,499,000		-
	$	34,140,000	$	3,801,000

(expressed in U.S. dollars)

20. COMMITMENTS AND CONTINGENT LIABILITY

Commitments

As at December 31, 2022, the Company 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	$	230,000

Included in the amount above is a commitment for 2023 pertaining to mineral concessions in Ecuador of $147,000.

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 December 31, 2022, and assuming withdrawal from the agency agreement at that date, Lumina's obligation to Miedzi would be approximately $331,000 (2021 - $356,000).

21. SUBSEQUENT EVENTS

(a) Through to March 6, 2023, additional draws were made on the Amended Second Standby Loan in amounts totaling C$3,000,000 ($2,220,618) for total principal owing of C$15,000,000 ($11,084,017).

(b) On March 15, 2023, 46,666 stock options with exercise prices ranging from C$0.405 to C$0.58 per common share expired.

(c) On March 21, 2023, the Company concluded a transaction whereby a non-material mineral concession of 691 hectares was exchanged for approximately 218 hectares and land and surface possessory rights with an arm's length party.

(d) On March 28, 2023, Ross Beaty exercised 3,000,000 warrants at C$0.38 per common share for total proceeds of C$1,140,000 ($836,646).