LUMINA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2019

TSX-V: LUM

www.luminagold.com

INTRODUCTION

Lumina Gold Corp. ("Lumina" or the "Company") is a resource exploration company with a focus on the exploration and development of the Company's wholly-owned Cangrejos Project, located in the foothills of the Andes in southwest Ecuador (the "Cangrejos Project").

Lumina's head office is in Vancouver, Canada. The Company was incorporated on March 22, 1988. On November 1, 2016, the Company changed its name from Odin Mining and Exploration Ltd. to Lumina Gold Corp. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "LUM".

On July 9, 2018, Lumina announced that its board of directors had unanimously approved a strategic reorganization of its business (the "Arrangement") whereby all of Lumina's concessions and properties, with the exception of the Cangrejos Project, would be spun out to Lumina shareholders through a newly incorporated company, Luminex Resources Corp. ("Luminex"). The reorganization was effected by way of a plan of arrangement under the *Business Corporations Act* (British Columbia), and was approved by the Supreme Court of British Columbia and by the affirmative vote of 99.9% of Lumina's shareholders in attendance at a shareholders' meeting held on August 21, 2018. The effective date of the Arrangement was August 31, 2018. Lumina's shareholders received common shares of Luminex by way of a share exchange, pursuant to which each existing common share of Lumina was exchanged for one "new" common share of Lumina and 0.15 of a common share of Luminex. Optionholders of Lumina received replacement options of Lumina and options of Luminex which are proportionate to, and reflective of, the terms of their existing options. The Arrangement had a material impact on Lumina's financial condition, financial performance and cash flows due to the transfer of approximately $5.4 million in cash to Luminex as well as various mineral concessions including the Condor Project which was previously included on the Company's consolidated balance sheet at $47,487,910.

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Lumina and its subsidiaries during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the three months ended March 31, 2019 and 2018, and, consequently, should be read in conjunction with the aforementioned financial statements and notes thereto. This MD&A should also be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2018.

ADDITIONAL INFORMATION

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.luminagold.com.

The Company reports its financial information in United States dollars and all monetary amounts set forth herein are expressed in U.S. dollars unless specifically stated otherwise. The Company's unaudited condensed consolidated interim financial statements for the periods ended March 31, 2019 and 2018 were prepared in accordance with IAS 34 *Interim Financial Reporting*.

Leo Hathaway, P.G., is a qualified person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and has reviewed and approved for inclusion the scientific and technical disclosure in this MD&A. Mr. Hathaway is a Senior Vice President of the Company.

FORWARD-LOOKING INFORMATION

Information and statements contained in this MD&A that are not historical facts are forward-looking information or forward-looking statements within the meaning of Canadian securities legislation and the *U.S. Private Securities Litigation Reform Act of 1995* (hereinafter collectively referred to as "forward-looking statements") that involve risks and uncertainties. This MD&A contains forward-looking statements such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Examples of forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- the Company's going-forward strategy and plans;
- Lumina's acquisition of concessions, and the regulatory reporting and amount of spending required to maintain the concessions in good standing;
- the Company's plans and activities required to continue or initiate exploration and drilling programs, as well as related initiatives;
- timing and prospects of future exploration and development work and expenditures on the Cangrejos Project;
- estimates of mineral resources at the Cangrejos Project;
- potential economic recoveries at the Cangrejos Project;
- estimates of future metal prices;
- possible related discoveries or extensions of new mineralization or increases or upgrades to reported mineral resource estimates, and related studies at the Company's Cangrejos Project;
- the potential for the Cangrejos Project to be an economic, large-scale open pit gold and copper mine;

- the Company's plans to test whether mineralization at the Gran Bestia deposit connects to the existing Cangrejos deposit;
- the Company's plans to follow up on the results and recommendations of the Preliminary Economic Assessment ("PEA") for the Cangrejos Project, including the estimated costs of a Pre-Feasibility Study ("PFS");
- the upgrading of Inferred Mineral Resources to Indicated or Measured Mineral Resources;
- the Company's intention to release an updated resource estimate in the second half of 2019, featuring a maiden resource estimate at the Gran Bestia deposit as well as an updated resource for the main Cangrejos deposit;
- the potential for an updated resource estimate to support a PFS and the detailed work to expand on the PEA that would be required for a PFS;
- the expected timing, benefits and impacts of the process of unifying certain of the Cangrejos Project concessions;
- the Company's ability to comply with permitting and regulatory requirements related to exploration and development and related operations, as well as any associated costs and timing;
- the Company´s ability to acquire, secure, and maintain access to surface lands needed for its operations;
- the Company's plans, actions and timing to renounce certain non-core concession areas;
- the Company's plan to complete the metallurgical testing program at the Cangrejos Project in the third quarter of 2019;
- the Company's ability to continue as a going concern;
- the impact of future accounting standards on the Company;
- the adequacy of the Company's working capital;
- the Company's planned use of proceeds from its financing activities;
- the Company's ability to raise additional financing or find alternative ways to advance its corporate objectives, as well as the use of any financing proceeds;
- the Company's efforts to monitor market and political conditions (globally and in Ecuador);
- the Company's ability to identify and, with government support, control and terminate incursions by illegal miners into its concessions;
- the potential for additional consultation with communities being required;
- the validity of the Government of Ecuador's mineral concession auction processes and the rights granted thereby;
- the mining assets and properties of the Company being and remaining attractive investment opportunities; and,
- the risks and uncertainties around the Company's business;

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "goal", "scheduled", "estimates", "forecasts', "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved'. Any such forward-looking statements are based, in part, on assumptions and factors that may change, thus causing actual results or achievements to differ materially from those expressed or implied by the forward-looking statements. Such factors and assumptions may include, but are not limited to: assumptions concerning gold, copper and other base and precious metal prices; cut-off grades; accuracy of mineral resource estimates and resource modeling; timing and reliability of sampling and assay data; representativeness of mineralization; timing and accuracy of metallurgical test work; anticipated political and social conditions; expected Ecuador national, provincial and local government policies, including legal reforms; and, ability to successfully raise additional capital.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, and without limitation:

- risks relating to price fluctuations for gold, copper, and other precious and base metals;
- risks inherent in mineral resource estimation;
- risks relating to the Company's sole project being located in Ecuador, including political, social, economic, security and regulatory instability;
- risks relating to government expropriation or cancellation of the Company's mineral property interests;
- risks relating to geological and engineering assumptions (including with respect to the tonnage, grade and recoverability of reserves and resources) in the PEA for the Cangrejos Project;
- risks relating to the estimated cost of a PFS or other studies;
- risks relating to the Company having a single project asset;
- risks relating to changes in Ecuador's national, provincial and local political leadership, including impacts these may have on general, environmental and mining specific public policies, laws, regulations, and other norms issued by administrative agencies or provincial or local government bodies, as well as legal, political and social stability;
- risks relating to local political and social unrest, including opposition to mining, pressure for economic benefits such as employment or social investment programs, access to land for agricultural or artisanal or illegal mining or other illegal purposes, or other demands;
- risks relating to required consultations with communities;
- risks relating to the social, environmental and geological conditions in areas in proximity to the concessions under development;

- risks relating to Lumina's rights or activities being impacted by litigation or administrative processes;
- risks relating to Lumina's ability to access concession surface areas and other properties needed to advance its exploration and development programs;
- risks relating to Lumina's operations being subject to environmental requirements, including remediation;
- risks relating to Lumina's ability to source qualified human resources, including managers, employees, consultants, attorneys, and sub-contractors, as well as the performances of all such resources (including human error and actions outside of the control of Lumina, such as wilful negligence of its counterparties or agents);
- risks of title disputes or claims affecting mining concessions or surface ownership rights;
- risks relating to adverse changes to laws, regulations or other norms placing increased regulatory burdens or extending timelines for regulatory approval processes, including environmental, safety, social, taxation and other matters;
- risks relating to delays in obtaining governmental approvals or permits necessary for the execution of exploration, development or construction activities;
- risks relating to failure of plant, equipment or processes to operate as anticipated;
- risks relating to performance of human resources, such as accidents and labour disputes;
- risks relating to competition inherent in the mining exploration industry, in Ecuador and elsewhere;
- risks of impacts from unpredictable natural occurrences, such as adverse weather conditions, fire, natural erosion, landslides, and geological activity, including earthquakes and volcanic activity;
- risks relating to inadequate insurance or inability to obtain insurance;
- risks relating to the fact that Lumina's properties are not yet in commercial production;
- risks relating to the Company's ability to obtain necessary funding for its operations, at all or on terms acceptable to the Company;
- risks relating to the Company's working capital and requirements for additional capital;
- risks relating to currency exchange fluctuations or change in national currency;
- risks relating to fluctuations in interest and inflation rates;
- risks relating to restrictions on access to and movement of capital;
- risks relating to the PEA proving to be inaccurate in any material respect, including new technical and engineering information and data obtained subsequent to the PEA;
- risks relating to the Company's ability to implement the recommendations contained in the PEA for the Cangrejos Project;
- risks relating to the value of the Company's common shares fluctuating based on market factors;
- risks relating to the Company's dependence on key personnel; and
- other risks of the mining industry.

as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors and risks that could affect the Company and might cause actual actions, events or results to differ, perhaps materially, from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to occur as projected, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Forward-looking statements and other information contained herein, including general expectations concerning the mining industry, are based on estimates and forecasts prepared by the Company employing data from publicly available industry sources, as well as from market research and industry analysis, and on assumptions based on data and knowledge of this industry and the operating environment in Ecuador which the Company believes to be reasonable. Although generally indicative of relative market positions, market shares and performance characteristics, this data is inherently imprecise. While the Company is not aware of any misstatements regarding any data presented herein, the mining industry involves risks and uncertainties and the data is subject to change based on various factors.

OVERVIEW OF SIGNIFICANT EVENTS AND REVIEW OF ACTIVITIES

In order to better understand the Company's financial results, it is important to gain an appreciation of the significant events, transactions and activities involving mineral property interests that occurred during the three months ended March 31, 2019 and to the date of this MD&A. This overview should be read in conjunction with the remainder of this MD&A to more fully appreciate the Company's results and activities for the three months ended March 31, 2019.

Cangrejos Project

Lumina holds the Cangrejos Project, which is located in the foothills of the Andes in the southwest of Ecuador. The Cangrejos Project lies 30 kilometres ("km") southeast of Machala, the capital of El Oro Province, and 150 km south of Guayaquil, Ecuador's largest city. The Cangrejos Project is approximately 40 km from the port of Puerto Bolivar (located near Machala). The Cangrejos Project is a discovery of both high-tonnage, low-grade, gold-copper mineralization in a porphyry environment and of lower-tonnage, higher-grade, gold / copper mineralization in structurally focused settings above and peripheral to the porphyry mineralization.

The Cangrejos Project consists of ten mineral concessions covering a total area of 6,373 hectares. The Cangrejos Project previously consisted of six mineral concessions but the Company is currently going through a process to subdivide certain areas prior to seeking to amalgamate the core concessions that comprise the Cangrejos Project. Within the area of the concessions, Lumina currently owns or controls approximately 1,031 hectares of land / surface rights (including approximately 360 hectares granted by way of government easement on the concession known as Cangrejos 20) over various important locations with respect to the known and potential targets.

Lumina resumed drilling at the Cangrejos Project on February 20, 2018, and as of May 21, 2019, has drilled 66 holes for 28,062 metres, including six metallurgical holes totalling 847 metres and nine geotechnical holes for 4,328 metres. Since the start of 2019, to May 21, 2019, the Company has completed a total of 14,395 metres in 33 holes. This work includes 15 infill and step-out holes on the western portion of the Cangrejos deposit (in the Cangrejos 20 concession), 11 exploration holes at the Gran Bestia deposit (part of the Cangrejos 20 concession, but not included in the Company's current resource estimate), three large diameter (PQ Core) holes in support of the Company's ongoing metallurgical testing program, and four holes for geotechnical and hydrogeologic characterization in support of pit slope design. The drilling program is ongoing as of the date of this MD&A.

In September 2017, the Company submitted an environmental impact study ("EIS") application to the Ecuadorian Ministry of Environment ("MAE") for its Cangrejos 20 concession, which (under the rules at that time) had to be approved before advanced exploration activity, including infill drilling, could commence at Cangrejos 20. The Company has now received formal observations from the MAE and is working to prepare its responses which will be submitted as soon possible. Following the Company submitting responses, it will continue to work with the MAE to obtain the necessary approval of the EIS and issuance of the environmental license.

On July 24, 2018, the Company announced that the Ecuadorian Minister of Energy and Non-Renewable Natural Resources, Carlos Pérez Garcia, enacted a Ministerial Agreement, which allows mining concession holders to perform "non-systematic" exploration drilling, also known as "Scout Drilling". Drilling activities were previously only permitted during the Advanced Exploration Phase of mining concessions and required an environmental license. That Ministerial Agreement and subsequent norms enabled the drilling of previously untested areas on the west side of the Cangrejos deposit (Cangrejos 20), as well as the Gran Bestia satellite deposit, located approximately one kilometre to the northwest, where Newmont Mining Corp. previously drilled 978 metres over five holes in 1999. Lumina's tests will help it determine whether Gran Bestia contains mineral resources that would add to the existing Cangrejos deposit and the mine plan which was included in the PEA. Lumina also plans to test whether mineralization at Gran Bestia connects to the existing Cangrejos deposit.

Pursuant to the new norms on Scout Drilling, Lumina is able to drill reconnaissance or test holes from a maximum of thirty platforms within each of its mining concessions. With regard to the Company's Cangrejos 20 concession, the Company is able to drill from up to forty platforms as the Company presented its updated Environmental Management Plan for Cangrejos 20 at a time when the norm for Scout Drilling was available for up to forty platforms.

During the three months ended March 31, 2019 and to the date of this MD&A, Lumina has also continued to carry out various studies that would support a PFS including completion of a Lidar survey from which a high accuracy site specific topographic map was developed; infill drilling at the Cangrejos Project to upgrade the PEA resource estimate from inferred to measured and / or indicated resource categories; geotechnical drilling with televiewer and acoustic downhole surveys to support pit slope design; hydrogeologic testing of select geotechnical and metallurgical drill holes, including installation of monitoring wells and piezometers in support of hydrogeologic characterization of the PEA pit and pit slope design; surface water characterization at various locations; metallurgical testing program in support of flowsheet development and process plant design; acid rock drainage studies of pit, waste rock and tailings; evaluation of plant site; waste rock and tailings storage options including site geotechnical characterization of select sites for foundation designs; and ongoing environmental monitoring.

Financing Activity

On November 29, 2017, the Company completed a brokered private placement of 32,258,064 common shares at a price of CAD$0.62 per common share, for aggregate gross proceeds of approximately CAD$20,000,000 ($15,560,569). The proceeds of the private placement were to be used to explore and advance the Company's projects in Ecuador and for general corporate purposes. The Company incurred $803,501 in share issue costs which included finder's fees of up to 6% of the proceeds from certain subscribers. As of March 31, 2019, the Company had fully expended these funds for exploration and advancement of the Company's projects in Ecuador and for general corporate purposes.

On July 26, 2018, the Company completed a non-brokered private placement of 9,730,000 common shares at a price of CAD$0.72 per common share, for aggregate gross proceeds of approximately CAD$7,000,000 ($5,362,113). The proceeds of the private placement were to be used to fund working capital for the Luminex spin-out and for general corporate purposes. The Company incurred $150,834 in share issue costs which included $101,731 in finder's fees of up to 4% of the proceeds from certain subscribers. $5,250,000 was transferred to Luminex prior to the completion of the Arrangement.

On November 27, 2018, the Company completed a short form prospectus offering of 19,320,000 common shares at a price of CAD$0.56 per common share and a non-brokered private placement of 16,400,000 common shares at a price of CAD$0.56 per common share, for aggregate gross proceeds of approximately CAD$20,000,000 ($15,052,449). The proceeds of these financings are to be used to fund infill and step-out, geotechnical, hydrology and metallurgical drilling; environmental, permitting and social programs, updating the resource estimate for the Cangrejos Project; and for working capital and general corporate purposes. The Company incurred $776,460 in share issue costs which included a 6% agents' commissions of $488,488 and a 4% finder's fee totaling $30,105. As at March 31, 2019, the Company had expended approximately $2.9 million of the cash raised from this financing activity to support its ongoing exploration efforts at the Cangrejos Project and also general corporate matters.

OUTLOOK

As discussed earlier in this MD&A, the Company continues to conduct resource definition infill-drilling at the Cangrejos Project to support it producing an updated mineral resource estimate in the second half of 2019 with the goal of converting the majority of mineral resources from the inferred to measured and / or indicated resource categories. This will support a PFS should the Company's board of directors elect to complete one. In addition, the Company is conducting exploration and definitional drilling at the adjacent Gran Bestia deposit, which lies about one km to the northwest of the main Cangrejos deposit.

Having completed a PEA at the Cangrejos Project (which did not include the Gran Bestia area), the Company has continued to test priority drill targets at the Cangrejos Project and has extended this program to the Cangrejos 20 concession, including the satellite Gran Bestia deposit. The Company is also in the process of assessing the additional drilling requirements to upgrade the mineral resource to the measured or indicated categories for inclusion in an updated mineral resource estimate that would support a PFS and reserve estimate should the company elect to initiate such a study. In the process of producing the PEA, the Company completed an updated mineral resource estimate, metallurgical, geotechnical, mine planning, facility siting and infrastructure, social and environmental studies and project related engineering studies for project design.

Should the Company elect to conduct a PFS, detailed work to expand on the PEA design and findings would include resource drilling, mineral resource and reserve estimation, mine geotechnical drilling and pit slope design, mine design and planning, metallurgical drilling and testing to support process plant design, site characterization and design of infrastructure, access roads, tailings and waste rock storage facilities, hydrology/hydrogeology studies and site wide water balance, environmental studies to support project permitting and social programs, and marketing/transport studies. The PEA estimate for completion of a PFS is $12.8 million. Although the Company has not yet elected to complete a full PFS, it is currently actively completing fieldwork and studies in support of the items above in preparation for a PFS, further details of which are provided below. In addition, the Company is working with the Government of Ecuador to advance a preliminary investment agreement that will define the fiscal terms (including but not limited to royalty rate, taxes and profit sharing) for the Cangrejos Project once developed.

Four drill rigs are currently operating at the Cangrejos Project. The Company currently anticipates that drilling activity will be completed early in the third quarter of 2019. However, additional drilling may be carried out, notably on Gran Bestia and the area between Gran Bestia and Cangrejos 20, based upon results of the current campaign.

Lumina intends to release an updated mineral resource estimate in the second half of 2019 that will incorporate all the 2017- 2019 drilling and applicable holes drilled by previous operators. The mineral resource estimate update will feature a maiden resource estimate at the Gran Bestia deposit as well as an updated resource for the main Cangrejos deposit, which will incorporate both expansion and infill drilling.

A significant drilling program to provide metallurgical test materials and oriented core for geotechnical engineering and hydrogeologic characterization of the PEA pit has been completed. Four large-diameter PQ Core holes were completed for metallurgical testing, as well as nine geotechnical holes for pit slope design. Select geotechnical and metallurgical holes will also serve as locations for pump tests, installation of monitoring wells and piezometers to support hydrogeological studies. This work is ongoing and is expected to be complete by the end of the 2nd quarter of 2019.

Approximately 1,800 kilograms of HQ core samples from 2018 drilling was shipped to Lima for metallurgical testing at the C.H. Plenge & CIA S.A. laboratory ("Plenge"). The metallurgical testing program is scheduled to be completed in the third quarter of 2019. Lumina has also shipped approximately 2,000 kilograms of whole PQ core to the FLSmidth labs in Utah, USA, for high pressure grinding roll ("HPGR") tests and a further representative subsample of 200 kilograms to Plenge for continued metallurgical work**.**

The Company has also commenced a process to consolidate key areas of the Cangrejos Project's various underlying mineral concessions into a single unified mineral concession, which will enable effective management of government negotiations, permits and other requirements as the property advances towards development. The unified concession is expected to contain all of the mineralized areas projected for mining development in the PEA, as well as the Gran Bestia deposit. This process is expected to conclude during 2019.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2019 and 2018 along with other public disclosure documents of the Company.

For the three months ended March 31, 2019, the Company reported a net loss of $3,329,127 compared to a net loss of $5,265,121 for the three months ended March 31, 2018. The overall decrease in net loss arose primarily due to (i) the Company's shift in focus to just the Cangrejos Project following the spin-out of other projects to Luminex in August 2018 and (ii) a foreign exchange gain of $376,559 in the three months ended March 31, 2019.

Exploration and Evaluation Assets (Mineral Properties)

The Company capitalizes costs incurred acquiring exploration and evaluation assets (mineral projects) and any required licenses related thereto with a term of more than one year. At March 31, 2019, the carrying value of the exploration and evaluation asset related to the Cangrejos Project was $1,701,100 (December 31, 2018 - $1,701,100).

Exploration and evaluation ("E&E") expenditures are expensed to profit and loss as incurred. These are discussed below and are disclosed in Note 6(b) of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2019.

Expenses

Exploration and evaluation expenditures

Total E&E expenses for the three months ended March 31, 2019 were $3,163,495 compared to $4,460,047 for the three months ended March 31, 2018. Further details on the Company's E&E expenses are provided below.

Cangrejos Project - The Company's E&E expenditures on the Cangrejos Project were as follows for the three months ended March 31, 2019 and 2018:

	Three months ended March 31, 2019	2018	Increased (decreased) Expenditure
Mineral rights	$ 66,572	$ 65,559	$ 1,013
Legal fees	27,782	32,709	(4,927)
Assays / Sampling	141,161	10,795	130,366
Camp	189,789	109,354	80,435
Camp access and improvements	20,663	15,039	5,624
Drilling	1,413,964	293,051	1,120,913
Engineering	101,654	97,446	4,208
Environmental, Health & Safety	92,312	53,470	38,842
Field office	172,163	101,695	70,468
Geological consulting	121,358	160,357	(38,999)
Geological and field staff	93,742	119,967	(26,225)
Metallurgical	116,767	64,855	51,912
Project management	135,488	262,112	(126,624)
Reports	132,665	26,751	105,914
Social and community	107,289	64,025	43,264
Share-based payment	76,940	23,978	52,962
Transportation and accommodation	136,608	94,693	41,915
	$ 3,146,917	$ 1,595,856	$ 1,551,061

E&E expenditures on the Cangrejos Project include non-cash expenses for share-based payment expense relating to the vesting of stock options granted under the Company's stock option plan of $76,940 for the three months ended March 31, 2019 compared to $23,978 for the three months ended March 31, 2018. Excluding share-based payment expense, the overall increase in E&E expenditures for the three months ended March 31, 2019 compared to the equivalent 2018 period is $1,498,099. The increase in expenditures reflects the Company's overall increased level of activity at the Cangrejos Project, in particular with regard to:

i. Drilling costs in the three months ended March 31, 2019 were $1,413,964 compared to $293,051 in the three months ended March 31, 2018. This reflects the additional drill rigs engaged in the current period to support the drilling initiative as discussed earlier in this MD&A. The additional drilling activity also resulted in an increase in assay costs of $130,366 when comparing the three months ended March 31, 2018 to the 2018 period; and
ii. Metallurgical and report costs combined increased by $157,826 for the three months ended March 31, 2019 compared to the 2018 period which reflects activities undertaken by the Company to support a potential PFS as discussed earlier in this MD&A.

Other Projects (now held by Luminex except for Yawi)

The Company's expenditures on Yawi for the three months ended March 31, 2019 were $16,578 compared to $15,698 in the three months ended March 31, 2018. The majority of these costs represented annual concession fees. In May 2019, the Company was notified by the Government of Ecuador that its application to renounce the Yawi concession had been accepted.

The Company's other E&E expenditures for the three months ended March 31, 2018 on the projects which were transferred to Luminex totalled $2,848,493. There were no expenditures on any of these projects subsequent to August 31, 2018.

Other operating expenses

The Company's other operating expenses for the three months ended March 31, 2019 and 2018 were as follows:

	Three months ended March 31, 2019		2018		Increased (decreased) Expenditure
Fees, salaries and other employee benefits	$	365,036	$	343,559	$ 21,477
General and administration ("G&A")		138,633		185,636	(47,003)
Professional fees		48,851		155,502	(106,651)
Insurance		10,394		8,783	1,611
	$	562,914	$	693,480	$ (130,566)

Fees, salaries and other employee benefits for the three months ended March 31, 2019 include $170,164 of share-based payment expense (three months ended March 31, 2018 - $151,245). Excluding this non-cash expense, fees, salaries and other employee benefits for the three months ended March 31, 2019 were $194,872 compared to $192,314 for the three months ended March 31, 2018 which is consistent for the two periods under review in line with the relatively stable level of personnel in the Company. The decrease in G&A costs (as noted in the table above) arose primarily as a result of the spin-out of Luminex whereby certain overhead costs are now split between the two companies which was not the case in the three months ended March 31, 2018. Professional fees decreased by $106,651 for three months ended March 31, 2019 compared to the equivalent 2018 period primarily as a result of additional legal fees incurred relating to the Arrangement in early 2018.

Other income / expenses

The Company's other income / expenses for the three months ended March 31, 2019 and 2018 were as follows:

	Three months ended March 31, 2019		2018		Increased (decreased) Gain (Loss)
Interest income and other	$	23,045	$	2,606	$ 20,439
Interest expense		(2,322)		-	(2,322)
Foreign exchange gain (loss)		376,559		(114,200)	490,759
	$	397,282	$	(111,594)	$ 508,876

For the three months ended March 31, 2019, the Company recorded a foreign exchange gain primarily as a result of Canadian dollars on hand following the Company's November 2018 equity financings for which funds were received in Canadian dollars. Between December 31, 2018 and March 31, 2019, the Canadian dollar strengthened such that management was able to purchase U.S. dollars at a more favorable rate to offset the prior weakening of the Canadian dollar in late 2018.

Related Party Transactions

The Company incurred the following expenses with related parties:

Company	Nature of transactions		Three months ended March 31, 2019		2018
Miedzi Copper Corp.	E&E (geological)	$	42,841	$	21,049
Miedzi Copper Corp.	G&A		11,527		29,816
Miedzi Copper Corp.	Fees		68,529		76,596
Mozow Copper Sp. z o. o. ("Mozow")	E&E (field office)		-		732
Hathaway Consulting Ltd.	Fees		23,708		38,261
Koval Management, Inc.	Fees		43,795		44,102
La Mar Consulting Inc.	E&E (social and community)		38,550		30,945
Luminex Services Ecuador LS-EC S.A. ("Luminex Services")	E&E (geological; social and community; and field office)		79,662		-
Lyle E Braaten Law Corp.	Fees		15,807		10,918
Proyectmin S.A.[1]	E&E (field office)		-		3,173
Zen Capital & Mergers Ltd.	Fees		-		1,163
		$	324,419	$	256,755

[1] Proyectmin S.A. was acquired on April 18, 2018. As a wholly-owned subsidiary of the Company, it was no longer considered a related party as intercompany transactions and balances are eliminated on consolidation. Proyectmin S.A. was transferred to Luminex as part of the Arrangement on August 31, 2018, at which time it is once more considered a related party.

Miedzi Copper Corp. is considered a company related by way of directors and shareholders in common. Mozow is a wholly owned subsidiary of Miedzi Copper Corp. Hathaway Consulting Ltd, Koval Management, Inc., La Mar Consulting Inc., Lyle E Braaten Law Corp., Proyectmin S.A. and Zen Capital & Mergers Ltd. are related by way of being owned by directors or officers of the Company. Luminex Services is a wholly-owned subsidiary of Luminex and provides personnel services to Odin Mining del Ecuador S.A. Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are unsecured and settlement occurs in cash. At March 31, 2019, the following amounts were included in accounts payable: (i) $42,869 owing to Miedzi Copper Corp.; and (ii) $11,960 owing to Luminex Services. At December 31, 2018, there were no amounts owing to related parties.

SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The information presented below highlights the Company's unaudited quarterly results for the past eight quarters.

Three Months Ended:		March 31, 2019		December 31, 2018		September 30, 2018		June 30, 2018
Revenue	$	-	$	-	$	-	$	-
Expenses		(3,726,409)		(3,518,797)		(3,144,164)		(4,136,773)
Other income (expenses)		397,282		(360,119)		(11,179,184)		137,067
Net loss for the period		(3,329,127)		(3,878,916)		(14,323,348)		(3,999,706)
Net loss for the period attributable to owners of the Company		(3,329,127)		(3,878,916)		(12,576,753)		(3,952,727)
Basic and diluted loss per share attributable to owners of the Company		(0.01)		(0.01)		(0.05)		(0.01)

Three Months Ended:	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Revenue	$ -	$ -	$ -	$ -
Expenses	(5,153,527)	(4,426,990)	(3,091,991)	(3,118,634)
Other income	(111,594)	127,791	32,512	27,101
Net loss for the period	(5,265,121)	(4,299,199)	(3,059,479)	(3,091,533)
Net loss for the period attributable to owners of the Company	(5,175,143)	(4,193,667)	(3,006,174)	(3,031,817)
Basic and diluted loss per share attributable to owners of the Company	(0.02)	(0.02)	(0.01)	(0.01)

The Company's quarterly results reflect the ongoing exploration and evaluation efforts made in 2017 and 2018, both years in which the Company was advancing multiple projects following acquisition of the Condor Project in late 2016 and the awarding of new projects from the Government of Ecuador's tender process. Expenses in the three months ended December 31, 2017 were higher than the prior periods primarily as a result of annual bonus payments to staff and also the grant of stock options and related share-based payment expense.

Activity levels continued to increase during the three months ended March 31, 2018, primarily as a result of the PEA work on the Cangrejos Project and also the payment of annual mineral concession fees in Ecuador for the 2018 fiscal year. The results for the three months ended June 30, 2018 are after recording cost recoveries and other income from First Quantum Minerals Ltd. (total of $1,162,790) pursuant to the signing of an earn-in and joint venture agreement which was subsequently assigned to Luminex as part of the Arrangement. After adjusting for these recoveries, the overall expenditures in the three months ended June 30, 2018 are broadly consistent with the prior quarter, reflecting completion of the PEA, ongoing work programs on the Company's various projects and also the additional legal fees incurred in the process to spin-out Luminex.

Expenses in the three months ended September 30, 2018, were lower than the previous quarters as a result of the following factors: (i) the PEA for the Cangrejos Project was completed and (ii) exploration expenditures for the period only include two months of activity for the concessions that were included in the assets spun-out to Luminex. Other income / expenses for the three months ended September 30, 2018 were impacted by two significant one-time events: (i) a loss of $12,536,695 on the spinout of assets to Luminex and (ii) income of $1.3 million from Anglo American plc ("Anglo American") relating to the earn-in agreement signed between Anglo American and Luminex in September 2019.

The Company continued exploration work on its Cangrejos Project in the three months ended December 31, 2018 with the increase in expenses attributable, as in the prior year equivalent period, to year end bonuses and share-based payment expense related to stock option grants in December 2018. For the three months ended March 31, 2019, the Company's expenses increased from the previous quarter as a result of the ongoing drilling program at the Cangrejos Project along with the other exploration activities being performed as described earlier in this MD&A in the section "Overview of Significant Events and Review of Activities," which included completion of a Lidar survey, metallurgical testing, rock drainage studies and environmental monitoring activities.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's expenses and mineral property costs is provided earlier in this MD&A and in Note 6 of the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2019 and 2018.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2019, the Company had cash of $11,343,239 compared to cash of $14,490,979 at December 31, 2018. The Company's working capital at March 31, 2019 was $10,615,507 compared to $14,056,845 at December 31, 2018. The Company's cash and current assets at March 31, 2019, were sufficient to meet the Company's current accounts payable, accrued liabilities and commitments.

Working capital is defined as current assets minus current liabilities. Working capital calculations or changes are not measures of financial performance, nor do they have standardized meanings, under IFRS. Readers are cautioned that this calculation may differ among companies and analysts and therefore may not be directly comparable. Management believes that disclosure of the Company's working capital is of value to assess the available capital resources of the Company at a reporting period end.

At March 31, 2019, approximately $11.1 million of the Company's cash and cash equivalents were held at Scotiabank, a major chartered bank in Canada, and approximately $0.2 million was held at a bank in Ecuador. Management is not aware of any liquidity issues associated with any of the banks in which funds have been deposited.

The Company had no long-term debt obligations or off-balance sheet arrangements at March 31, 2019.

In order to keep its mineral concessions in Ecuador in good-standing, the Company is required to meet certain spending commitments each year. Further details on the commitments are provided in Note 16 of the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2019. For 2019, the Company has a commitment of $422,000 on its projects, which has been met as at March 31, 2019.

For the mineral concessions that were received via tender process, the Company has four years from the concession registration date to satisfy the full amount that was committed in the tender process or the concession will be forfeited. The total four-year commitment, less amounts incurred by the Company which the Company believes are acceptable to be compliant under the four-year reporting rules, and remaining total commitment, for each concession obtained and held at March 31, 2019, and assuming all concessions are retained, is as follows:

Concession Name		Total Four-year Spending Commitment		Company Spend to December 31, 2018		Remaining Four-year Commitment
Cangrejos 20	$	9,170,419	$	9,170,419[1]	$	-
Yawi		979,740		60,163		919,577[2]
TOTAL	**$**	**10,150,159**	**$**	**9,230,582**	**$**	**919,577**

[1] Amount capped to total four-year commitment. The Company has spent in excess of this amount on the Cangrejos Project (which includes the Cangrejos 20 concession) in the 2017 and 2018 fiscal years.
[2] The Company is in the process of relinquishing the Yawi concession which eliminates the requirement for a minimum investment and received notice from the Government of Ecuador in May 2019 that this renouncement had been accepted. Accordingly, the Company expects that this commitment will not be applicable once the renouncement is formally filed in Ecuador.

To date, the capital requirements of the Company have been met by equity or loan proceeds. As noted in Note 2(b) to the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2019, the Company has incurred cumulative losses of $68,406,488 and will continue to incur losses in the development of its business. The Company's ability 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. As described earlier in this MD&A in the section "Financing Activity," the Company closed a private placement for gross proceeds of approximately CAD$7 million in July 2018 and a financing for gross proceeds of approximately CAD$20 million on November 27, 2018. The ability to raise additional financing, for future activities beyond those contemplated by the aforementioned financing activity may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company, such as uncertainty in the capital markets, depressed commodity prices or country risk factors. This exposure is discussed in more detail in the "Risks and Uncertainties" section of this MD&A. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

FINANCIAL INSTRUMENTS

At March 31, 2019, the Company's financial instruments consist of cash, receivables, environmental deposit and accounts payable and accrued liabilities. Fair value estimates are made at the balance sheet date based on generally accepted pricing models, discounted cash flow analysis or using prices from observable current market transactions. These estimates are subjective in nature and may involve significant uncertainties in matters of judgment and, therefore, cannot be determined with precision. The fair values of the Company's financial instruments approximate their carrying values due to their short terms to maturity or capacity for prompt liquidation and the interest rates being charged or earned on these amounts.

The Company's financial instruments have been classified as follows under IFRS:

- Cash: amortized cost.
- Receivables: amortized cost.
- Environmental deposit: amortized cost.
- Accounts payable and accrued liabilities: amortized cost.

The types of financial risk exposure and the way in which such exposure is managed by the Company is as follows:

Credit Risk

It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments, as disclosed in Note 13(a) to the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2019.

The Company's exposure to credit risk on its cash is limited by maintaining this asset with high-credit quality financial institutions. The Company may be exposed to the credit risk of its banks in Ecuador which hold cash for the Company's Ecuadorian operations.

The Company limits its exposure to this risk by maintaining minimal cash balances in Ecuador, normally sufficient to fund the next month's operations.

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 and other financial resources available to meet its obligations. The Company typically forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash on hand, disposition of assets, accessing capital markets and/or loan advances.

At March 31, 2019, the Company's current liabilities consisted of accounts payable and accrued liabilities of $906,144 which are due primarily within the next quarter. The Company's cash of $11,343,239 at March 31, 2019 was sufficient to pay the accounts payable and accrued liabilities.

Market Risks

The market risks to which the Company is exposed are interest rate risk and currency risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of the Company will fluctuate because of changes in market interest rates. Included in net loss for the three months ended March 31, 2019 is interest income earned on the Company's cash. Based on the Company's cash at March 31, 2019, and assuming that all other variables remain constant, a 1% increase or decrease in interest rates would result in an increase or decrease to the Company's interest income of approximately $113,000 (on an annualized basis).

Currency Risk

The functional currency of the Company and its subsidiaries is the U.S. dollar. The carrying amounts of monetary assets and 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 foreign exchange and currency risks arising from fluctuations in foreign exchange rates among the U.S. dollar and Canadian dollar and the degree of volatility of these rates. The Company has historically raised funds from equity financings primarily in U.S. dollars or in Canadian dollars of which the vast majority of the cash is converted to U.S. dollars upon conclusion of the financing. Canadian 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.

At March 31, 2019, while the Company's cash was primarily held in U.S. dollars, as disclosed in Note 3 of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2019, the Company also held a significant amount of cash in Canadian dollars. The Company estimates that a 1% fluctuation in foreign currency exchange rates of the Canadian dollar compared to the U.S. dollar would have an impact of approximately $43,000 to the results of operations based upon the foreign currency financial instruments (including cash) held at March 31, 2019.

SHARE CAPITAL

As at the date of this MD&A, the Company had the following securities issued and outstanding:

Common shares:	309,529,893	
Common share purchase options:	15,993,654	exercisable between CAD$0.28 - CAD$0.80 per option.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The Company evaluates its estimates on an ongoing basis and bases them on various assumptions that are believed to be reasonable under the circumstances. The Company's estimates are used for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results are likely to differ from these estimates. Should the Company be unable to meet its ongoing obligations, the realizable value of its assets may decline materially from current estimates.

The accounting policy estimates and judgments described below are considered by management to be essential to the understanding and reasoning used in the preparation of the Company's consolidated financial statements and the uncertainties that could have a bearing on its financial results. Further details, and a description of certain other areas of estimation and judgment, can be found at Note 2(d) in the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2019.

Going concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. As disclosed in Note 2(b) of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2019, the Company has incurred cumulative losses of $68,406,488. 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. Factors that the Company evaluates include forecasts, the ability to reduce expenditures if required, and indications of shareholder support.

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 costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable resources exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available.

Share-based payments

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

Right-of-use ("ROU") assets and lease obligations

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

CHANGES IN ACCOUNTING STANDARDS

The IASB, from time to time, issues new accounting standards that may impact the Company's current or future financial statements:

IFRS 16 – Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the dual accounting model for lessees, which distinguished between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company has applied IFRS 16 using the modified retrospective approach from January 1, 2019 and has elected to record the transition date right-of-use assets at amounts equal to the present value of the minimum lease payments, on a lease by lease basis. The Group elected not to recognize right-of-use assets and liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets. Lease payments associated with these leases are recognized as an expense in the consolidated statement of comprehensive loss.

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

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.

Measure of right-of-use 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 Group's property and equipment. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

The lease obligation is initially measured at the present value of lease payments remaining at the lease commencement date, discounted 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 recognized as an operating expense on a straight-line basis over the lease term within costs and expenses on the consolidated statement of comprehensive loss.

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many kinds of risks, including, but not limited to, operational, technical, environmental, labour, social, political, security, financial, economic, and metals pricing. Additionally, often due to factors that cannot be predicted or foreseen, few exploration projects successfully achieve development. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not listed in order of importance, nor are they inclusive of all the risks and uncertainties the Company may be subject to, and therefore other risks may apply.

- *Mineral exploration inherently involves a high degree of risk. All of the mineral property interests of the Company are in the exploration stage and, consequently, may not result in any commercial discoveries.*

Mineral exploration involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. The property interests owned by the Company are in the exploration stage only, are without known bodies of commercial mineralization and the Company has no ongoing mining production at any of them. The Company's mineral exploration activities may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations. As well, the exploration and development activities of the Company may be disrupted by a variety of risks and hazards, which may be beyond the control of the Company. These risks include, but are not limited to, social and political strife, litigation, labour stoppages, the inability to obtain adequate power, water, and labour, including consultants or other experts, as well as suitable machinery and equipment. In addition, the Company may be unable to acquire or obtain such necessities as water and surface rights, which may be critical for the continued advancement of exploration and development activities on its mineral property rights.

- *Government expropriation may result in the total loss of the Company's mineral property interests.*

Even if the Company's mineral property interests are proven to host economic mineral resources, governmental expropriation may result in the total loss of the Company's mineral property interests without any compensation to the Company. Similarly, expropriation or shutdown of financial institutions or other entities the Company does business with could impact operations. Further, expropriation of other businesses, in mining or other industries, could impact the Company's ability to operate and obtain financing, as well as its strategic options. Finally, expropriation need not be outright, there are many forms of creeping expropriation, through taxation and other mechanisms, that if applied could negatively impact the company's operations and prospects.

- *The Cangrejos Project is the Company's sole material property.*

The Cangrejos Project is the Company's sole material property. Actual development costs may differ materially from the Company's estimates and may render the development of the Cangrejos Project economically unfeasible. The Company is largely dependent upon the Cangrejos Project for future revenue and profits, if any. Should the development of the Cangrejos Project not be possible or practicable for political, social, engineering, technical or economic reasons, then the Company's business and financial position will be significantly and adversely affected.

If the Company discovers a potentially economic mineral resource or mineral reserve at the Cangrejos Project, there is no assurance that the Company will be able to develop a mine thereon, or otherwise commercially exploit such mineral resource or mineral reserve which could materially adversely affect the Company's financial condition and prospects.

- *Governmental regulation may have negative impacts on the Company.*

The Company's assets and activities are subject to extensive Canadian and Ecuadorian federal, state, provincial, territorial and local laws and regulations governing various matters, including, but not limited to:

  - land access, use and ownership;
  - water use;
  - environmental protection;
  - land use designations;
  - social consultation and public referendums;
  - corporate social responsibility;
  - management and use of toxic substances and explosives;
  - rights over and management of natural resources, including minerals and water;
  - prospection, exploration, development and construction of mines, production and reclamation;
  - exports and imports;
  - taxation;
  - mining royalties;
  - restrictions on the movement of capital into and out of Ecuador (which could impact the Company's ability to repatriate funds and therefore, pay dividends);
  - importation of equipment and goods;
  - transportation;
  - hiring practices and labour standards by companies and contractors, as well as occupational health and safety, including mine safety;
  - reporting requirements related to investment, social and environmental impacts, health and safety, and other matters;
  - processes for preventing, controlling or halting artisanal or illegal mining activities; and,
  - historic and cultural preservation.

The costs associated with legal and regulatory compliance are substantial, and future laws and regulations, changes to existing laws and regulations, or more stringent or modified application and enforcement of current laws and regulations by governmental or judicial authorities could generate additional expenses, capital expenditures, delays in the development of the Company's properties, and even restrictions on or suspensions of Company operations. Moreover, laws and regulations could allow governmental authorities and private parties to bring complaints or lawsuits against the Company based upon alleged damage to property and/or injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, or possibly even actions or inaction by third parties, including those from whom the Company acquired its properties, and could lead to the imposition of substantial financial judgments, fines, penalties or other civil or criminal sanctions.

It is a challenge to comply strictly with all of the norms that apply to the Company. The Company retains competent and trained staff, professionals, attorneys, advisors and consultants in the different jurisdictions in which it does business; however, there is no certainty that both it and its contractors will continuously be compliant with all applicable laws and regulations. The failure to comply with all applicable norms could lead to financial restatements, fines, penalties and other material negative impacts on the Company.

- *Failure to comply strictly with applicable mining laws, regulations and local practices may have a material adverse impact on the Company's operations or business.*

While the Company seeks to fully comply with applicable laws, regulations and local practices, failure to comply strictly with applicable laws, regulations and local practices, including those relating to mineral rights applications and tenure, could result in loss, reduction, cancellation or expropriation of entitlements, or the imposition of local or foreign parties as joint venture partners with carried or other interests. Any such loss, reduction or imposition of partners could have a material adverse impact on the Company's operations or business. Furthermore, unreasonableness, increasing complexity or novel judicial or regulatory interpretations of mining laws and regulations may render the Company incapable of strict compliance.

- *The exploration and the development of the Company's property interests are subject to extensive laws and regulations governing health, safety, environment and communities.*

The Company's exploration and development activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker and community safety, employee health, mine development, water, preservation of archaeological remains and endangered and protected species, as well as extensive reporting and community engagement requirements, and more. The Company's ability to obtain permits and other approvals and to successfully operate in particular locations may be adversely impacted by real or perceived detrimental events associated with the Company's activities or those of other mining companies or associations, or even artisanal or illegal miners, affecting the environment, human health, or the safety of nearby communities, both within and outside of Ecuador. Delays in obtaining or failure to secure government permits and approvals, or to secure evictions of illegal miners or other invaders, may adversely affect the Company's ability to access, explore or develop its properties. The Company has made, and expects to make in the future, significant expenditures to comply with laws and regulations and to the extent reasonably possible, generate social and economic benefit in nearby communities. On occasion, parts of the Company's mineral properties are occupied by illegal miners, and these incidents are reported and dealt with by the Company using procedures available to it under Ecuadorian law. The Company, however, may be required to remediate areas on its concessions impacted by its own activities or those of third parties. Future changes to environmental laws, regulations and permitting processes or changes in their enforcement or regulatory interpretation could have an adverse impact on the Company's operating and financial condition.

- *The Company´s ability to operate on its concessions depends on its ability to obtain and maintain social licenses.*

The Company´s concessions are in close proximity to, or in some cases overlap with, local communities, and it often needs local approvals in order to operate. The Company often enters into agreements with local communities, groups or individuals that address surface access, road usage, local employment and other key issues. The ethnic composition, social organization and landownership structure of the communities may differ on a case by case basis, as may the Company´s exploration requirements and impacts. Similarly, local concerns regarding environmental and social impacts, both current and historic, including pressures and worries related to the activities of illegal miners, as well as expectations related to Company employment, social investment programs and other benefits tend to vary from place to place. Every local stakeholder relationship, however, requires ongoing dialogue and relationship management. For these purposes, the Company has assembled a Community Relations team, led by experienced professionals and, when necessary, supported by expert consultants, who develop and execute social communications strategies and implementation plans aimed at creating sustainable and enduring relationships based on collaboration, shared interests and trust. However, events do not always unfold as intended or according to plan, and the status of relations can deteriorate for any number of reasons, including, but not limited to: influences of local or external political or social actors or organizations, shifts in the agendas or interests of individuals or the community as a whole, or the Company´s inability to deliver on community expectations or its commitments. The Community Relations team is prepared to manage such situations and issues are usually resolved through dialogue within a reasonable timeframe. However, if under extreme circumstances the Company were to lose its social license with one or more communities and be unable to recover it, this could impact the viability of the project.

Additionally, in recent years, anti-mining organizations, at times funded at least in part by international nongovernmental organizations, have increased their activities in Ecuador. Activists have taken such actions as road closures and work stoppages, as well as succeeded in attracting the attention of different local and national media outlets, at times negatively impacting the reputations of the mining sector and/or specific companies. Recently anti-mining activists in Ecuador have succeeded in bringing about a public vote on mining activity in a canton in the highlands near a significant mining project. They have also brought claims before the courts seeking to constitutionally enjoin mining companies from advancing projects until the Government of Ecuador complies with its commitments under article 57 of the Constitution of the Republic of Ecuador and the ILO convention, which requires free, prior and informed consultation to aboriginal or indigenous communities. It is the Company's understanding that there are no such communities in the area of the Cangrejos Project. Nonetheless, such initiatives may have a material adverse effect on the Company's operations at the Cangrejos Project and on its financial position, cash flows and results of operations.

- *The Company's properties are subject to pressure from artisanal and illegal miners.*

The Company's concessions are located close to communities with long-standing alluvial, often illegal, mining traditions. Limited economic opportunities in these areas contribute to making gold mining an attractive field of work for local individuals and small associations and companies, who at times view areas in the Company´s concessions as attractive targets for alluvial or hard rock mining. In some cases, the local operators (occasionally financed by outsiders), having exhausted development opportunities at their current location may seek to expand or relocate their activities into areas controlled by the Company. In other cases, illegal miners may relocate to one of the Company's concession areas in response to government pressure that has shut down their prior operations. Local and national political and regulatory authorities may come under pressure to support or not impede the ambitions of these local actors. The Company monitors local mining activities and is in regular contact with regulatory and political authorities to anticipate and manage issues as they arise, however not every incursion can be readily identified.

- *The Company may not be able to obtain or renew permits that are necessary for its operations.*

In the ordinary course of business, the Company is required to obtain new governmental permits as well as renew permits for exploration and development activities and any ultimate development, construction and commencement of mining operations. Obtaining or renewing necessary permits can be a complex and time-consuming process, which at times may involve several political jurisdictions and different government agencies that may not have the necessary expertise, resources or political disposition needed for efficient and timely processing, and may require public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by permitting authorities, the expertise and diligence of civil servants, and the timeframes for agency decisions. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could slow exploration and/or development or impede the eventual operation of a mine, and could adversely impact the Company's operations and profitability.

- *The Company has no significant source of operating cash flow and failure to generate revenues in the future could cause it to go out of business.*

The Company has no revenues from ongoing operations and has recorded significant accumulated losses. Based upon current plans, the Company expects to incur operating losses in future periods due to ongoing expenses associated with the holding, exploration and development of the Company's mineral property interests. The Company will likely continue to have limited financial resources and its ability to achieve and maintain profitability and positive cash flow will remain dependent upon the Company being able to:

- develop and/or locate a profitable mineral property;
- generate revenues in excess of expenditures; and,
- minimize exploration and administrative costs in the event revenues and/or financing availability are insufficient, in order to preserve available cash.

In order to stay in business, in the absence of cash flow from operations, the Company will have to raise funding through financing activities. However, there is no certainty the Company will be able to raise funds at all or on terms acceptable to the Company in the event it needs to do so. Furthermore, additional funds raised by the Company through the issuance of equity or convertible debt securities would cause the Company's current shareholders to experience dilution. Such securities also may grant rights, preferences or privileges senior to those of the Company's common shareholders.

The Company does not have any contractual restrictions on its ability to incur debt and, accordingly, the Company could incur significant amounts of indebtedness to finance its operations. Any such indebtedness could contain restrictive covenants, which likely would restrict the Company's operations.

- *The mineral exploration industry is intensely competitive in all its phases.*

The Company competes with many companies, including those possessing greater financial resources and technical capabilities, for the acquisition of mineral concessions, claims, leases, other mineral interests, and equipment required to conduct its activities as well as for the recruitment and retention of qualified employees, and contracting of attorneys, consultants and technical experts. Ecuador is an emerging mining country with no large mines in production and as a result mining expertise is limited and competition for qualified nationals is particularly intense.

- *Even if the Company makes a discovery of commercial quantities of minerals, there is no assurance that there will be market demand for the resource and that the investment will earn an adequate return.*

There is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals discovered. These factors include: market fluctuations; domestic and international economic trends and political events; inflation or deflation; currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies); interest rates and global or regional consumption patterns; speculative activities; and, government laws and regulations, including those relating to prices, taxes, royalties, land tenure, land use, labour, importing of equipment, importing and exporting of minerals, and environmental protection. The exact effect of any of these factors cannot be accurately predicted, but a combination of them may result in the Company not receiving an adequate return on invested capital or losing its invested capital.

- *Substantial expenditures are required to be made by the Company to establish mineral reserves and the Company may either not discover minerals in sufficient quantities or grades or not be able to obtain the required funds to develop a project on a timely basis.*

Substantial expenditures are required to establish mineral reserves through drilling and the estimation of mineral reserves or mineral resources in accordance with the Canadian Institute of Mining (CIM) Guidelines. Although significant benefits may be derived from the discovery of a major mineralized deposit, the Company may not discover minerals in sufficient quantities or grades to justify a commercial mining operation and the funds required for development may not be obtained on a timely basis or may not be obtainable on terms acceptable to the Company. Estimates of mineral reserves and mineral resources can also be affected by environmental factors, unforeseen technical difficulties and unusual or unexpected geological formations. In addition, the grades of minerals ultimately mined may differ from those indicated by drilling results. Material changes in mineral reserve or mineral resource estimates, grades, stripping ratios or recovery rates may affect the economic viability of any project.

- *Risks relating to inaccurate estimates of mineral resources, production, purchases, costs, decommissioning or reclamation expenses.*

Unless otherwise indicated, mineralization figures presented by the Company, in filings with securities regulatory authorities, press releases and other public statements that may be made from time to time, are based upon estimates made by Company personnel and independent geologists. These estimates are inherently imprecise, as they depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. As a result, there can be no assurance that mineral resource or other mineralization figures or estimates of costs (including initial capital costs and initial capital intensity) and expenses will be accurate, nor that the resource mineralization could be mined or processed profitably.

The Company has not commenced production at any of its properties, nor defined or delineated any proven or probable mineral reserves. Therefore, the mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by and inferred from drilling results. Furthermore, there can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or at production scale. As a result, the mineral resource and mineral reserve estimates that may be contained in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. In addition, extended declines in market prices for gold or other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization.

The estimated parameters for the Company's projects may be changed as development and mining plans are generated and refined. These parameters would include estimates of how plants, equipment and processes may operate in the future at the Company's projects, for which cost and productivity estimates may prove to be incorrect.

Any material alteration in the above noted estimates, or of the Company's ability to extract mineralization from its projects, could have a material adverse effect on the Company's results or financial condition.

- *The inherent operational risks associated with mining, exploration and development, many of which are beyond the Company's control.*

The Company's activities are subject to a high degree of risk due to factors that, in some cases, cannot be foreseen or anticipated, or controlled. These risks include, but are not limited to, tectonic or weather activity that may provoke landslides, damage infrastructure or other impacts, labour disruptions, legislative and regulatory changes, crime, including corruption, the inability to obtain adequate sources of power, water, labour, suitable or adequate machinery and equipment, and expert attorneys and consultants. In addition, the Company may be unable to acquire or obtain such requirements as water rights and surface rights, which may be critical for the continued advancement of exploration, development and operational activities on its mineral concessions. Furthermore, the Company is currently involved in a number of regulatory and legal processes where, in spite of its best efforts and those of its legal advisors and consultants, results are uncertain. These processes could generate delays and adverse decisions and could negatively impact project development and the Company's prospects.

- *Inadequate infrastructure and resources may adversely affect the Company's operations and profitability.*

Mining, development, exploration and production activities depend, to one degree or another, on adequate infrastructure and services. Reliable roads, bridges, power and fuel sources, as well as water supplies are important determinants which affect capital, as well as operating costs and safety. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development of the Company's projects. If adequate infrastructure is not accessible, there can be no assurance that the development of the Company's project will commence or be completed on a timely basis, if at all. In addition, unusual or infrequent weather phenomena, tectonic activity, sabotage, government, social or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.

- *The Company currently has limited insurance covering its assets and operations and, as a consequence, could incur considerable costs.*

Mineral exploration involves risks, which, even with a combination of experience, knowledge and careful evaluation, mining exploration companies may not be able to overcome. Operations in which the Company has a direct or indirect interest may be subject to all the hazards and risks normally incidental to exploration of precious and non-precious metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The Company presently has very limited commercial liability insurance and does not intend to increase its liability insurance. As a result of having limited liability insurance, the Company could incur significant costs that may have a materially adverse effect upon its financial condition and even cause the Company to cease operations.

- *The Company's mineral property interests or surface property may be subject to prior unregistered agreements or transfers and therefore title to some of the Company's property interests may be affected.*

Although the Company has sought and received such representations as it has been able to achieve from vendors in connection with the acquisition of, or options to acquire, an interest in its mining properties and surface rights, and has conducted limited investigations of legal title to each such property, the properties in which the Company has an interest may be subject to prior unregistered agreements or transfers or native land claims, or it is possible that title may be affected by undetected defects.

- *The prices of gold, copper, and other base and precious metals have fluctuated significantly in recent years and may adversely affect the economic viability of any of the Company's mineral properties.*

The Company's revenues, if any, are expected to be almost entirely derived from the mining and sale of gold, copper and other metals. The prices of those commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control, including: international economic and political trends; expectations of inflation; currency exchange fluctuations; interest rates; consumption patterns; speculative activities; and, increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of gold and copper, as well as other precious and base metals, and, therefore, on the economic viability of any of the Company's mining properties, cannot be accurately predicted, but nonetheless may adversely impact the Company's ability to raise capital and conduct its operations.

- *All of the Company's subsidiaries and mineral properties are in a foreign country and, therefore, a large portion of the Company's business may be exposed to political, economic, social, security, and other risks and uncertainties.*

The Company's mineral properties, and related subsidiaries, are located in Ecuador. It may, therefore, be exposed to various types and degrees of security, economic, labour, political, social and other risks and uncertainties. These risks and uncertainties include, but are not limited to: terrorism; hostage taking; military repression; high rates of inflation; labour unrest; war or civil unrest; creeping or outright expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts, including by way of invalidation of governmental acts; artisanal and illegal mining operations and the Government of Ecuador's enforcement of norms restricting these activities; changes in taxation and mining-related laws and regulations; trade protectionism, including restrictions or tariffs on imports; changes to the foreign exchange regime; changes to the currency regime; currency controls; restrictions on repatriation of funds; changing political conditions, including electoral results; challenges to the validity of governmental acts; litigation and judicial decisions that run counter to the Government of Ecuador's pro-mining policies; corrupt or unethical behaviour by government officials or agents, judges, and even Company employees; and, governmental regulations that may favour or require the awarding of contracts to local contractors or require foreign contractors to employ residents of, or purchase supplies from, a particular jurisdiction. The reputation of Ecuador as a developing nation, perceived by many as having a track record of political instability and measures contrary to attracting investment in the mining sector and other areas of the economy, may make it more difficult for the Company to obtain any required exploration and development financing for its projects.

Changes in mining or investment policies or shifts in political attitudes in Ecuador, its provinces, or local political jurisdictions, may adversely affect the Company's operations or potential profitability. Operations may be affected in varying degrees by modifications to government legislation and regulations with respect to, but not limited to: restrictions on production; price controls; export controls; currency remittances; taxes, including income taxes, property taxes, value added taxes, capital gains taxes, windfall taxes, and the sovereign adjustment tax; royalties; expropriation of property; foreign investment; maintenance of claims; the environment; land use, including territorial bans on mining; land claims or other demands by local people; social consultation and other permitting requirements; artisanal and illegal mining operations; labour; transportation; water use; imports and exports; and, mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The impact of one or more of these various factors and uncertainties, none of which can be accurately predicted, could have an adverse effect on the Company's operations or potential profitability.

- *The Company's foreign subsidiary operations may impact its ability to fund operations efficiently, as well as the Company's valuation and stock price.*

The Company conducts operations through foreign subsidiaries and substantially all of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

- *The value of the Company's common shares, as well as its ability to raise equity capital, may be impacted by future issuances of shares.*

The Company is authorized to issue an unlimited number of common shares without par value. The Company may issue more common shares in the future. Sales of substantial amounts of common shares (including shares issuable upon the exercise of stock options), or the perception that such sales could occur, could materially adversely affect prevailing market prices for the common shares and the ability of the Company to raise equity capital in the future.

- *The Company's future performance is dependent on key personnel. The temporary or permanent loss of the services of any of the Company's and its subsidiary's executives or directors could have a material adverse effect on the Company's business.*

The Company's performance is substantially dependent on the performance and continued efforts of the Company's executives and its board of directors. The loss of the services of any of the Company's executives or directors could have a material adverse effect on the Company business, results of operations and financial condition. The Company currently does not carry any key person insurance on any of its executives or directors. The Company has limited resources and is currently unable to compete with larger organizations with respect to compensation and perquisites.

- *The Company is exposed to financial risk arising from fluctuations in the exchange rates between the U.S. dollar and Canadian dollar.*

While the Company and its subsidiaries incur the majority of their expenditures in U.S. dollars, corporate G&A expenses are primarily paid in Canadian dollars. Thus, the Company is exposed to financial risk arising from fluctuations in the exchange rates between the U.S. dollar and Canadian dollar, and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risks.