LUMINA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2018

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 audited consolidated financial statements of the Company and the notes thereto for the years ended December 31, 2018 and 2017, and, consequently, should be read in conjunction with the aforementioned financial statements and notes thereto.

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 financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). The Company's audited consolidated financial statements for the years ended December 31, 2018 and 2017 were prepared in accordance with IFRS.

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;
- Lumina's acquisition of concessions and projects, and the regulatory reporting and amount of spending required to maintain the concessions in good standing;
- Company plans and activities required to continue or initiate exploration and drilling programs;
- timing and prospects of future exploration and development work and expenditures on the Company's projects;
- estimates of mineral resources at the Company's projects;
- potential economic recoveries at the Company's projects;
- estimates of future metal prices;
- possible related discoveries or extensions of new mineralization or increases or upgrades to reported mineral resource estimates at the Company's projects;
- 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 and benefits of the unification 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;
- prospects for identifying and/or acquiring additional mining concessions or projects, within or outside of Ecuador;
- 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 by 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 risks and uncertainties around the Company's business;
- the Company's expectation that global geopolitical and macroeconomic developments will continue to drive sustained improvements in the copper and gold markets;
- the Company's expectation that the Ecuadorian mining industry, including governmental support, will continue to evolve in a positive direction;
- 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 Government of Ecuador's actions, including efforts to improve the legal and regulatory framework, uphold rule of law, counter legal and social strategies of anti-mining activists, and implement a future concession tender process;
- 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 indigenous peoples and communities being required;
- the validity of the Government of Ecuador's mineral concession auction process and the rights granted thereby;
- that the Government of Ecuador will maintain the national policy of making Ecuador an attractive destination for long-term formal mining investment, continuing to build on recent mining reforms, including consolidating the changes made via the Ministerial Agreement that allows for non-systematic exploration drilling;
- Ecuador remaining a jurisdiction that is attractive to mining investors;
- legislative and regulatory reform processes, including those related to the fiscal regime, and their potential effects on Lumina; and,
- the mining assets and properties acquired by the Company being and remaining attractive investment opportunities.

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 all the Company's mineral concessions and projects being located in Ecuador, including political, social, economic, security and regulatory instability;

- risks relating to government expropriation 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;
- risks relating to the Company having a single project asset;
- risks relating to the Company's sole project being located in Ecuador, including political, social, economic, security, and regulatory instability;
- 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 and regulations, administrative agencies, and 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 year ended December 31, 2018 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 year ended December 31, 2018.

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 six mineral concessions covering a total area of 6,374 hectares. 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 April 11, 2019, has drilled 58 holes for 23,419 metres, including six metallurgical holes totalling 835 metres and eight geotechnical holes for 4,035 metres. Since the start of 2019, to April 11, 2019, the Company has completed a total of 8,536 metres in 19 holes. This work includes six infill holes on the western portion of the Cangrejos deposit (in the Cangrejos 20 concession), six 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.

On June 28, 2018, the Company announced the results of its PEA on the Cangrejos Project prepared in accordance with NI 43-101. The PEA was authored by MTB Project Management Professionals Inc. and demonstrates that the Cangrejos Project has the potential to be an economic, large-scale open pit gold and copper mine. Base case economics are based on a gold price of $1,300 per ounce, copper price of $3.25 per pound, molybdenum price of $11.00 per pound and a silver price of $19.00 per ounce. The effective date of the PEA is June 27, 2018.

The PEA's highlights include the following estimates:

- Life of mine ("LOM") average annual payable production of 373 koz gold and 43 Mlbs copper;
- 16 year mine life;
- 40 ktpd processing operation from years 1-5, with an expansion to 80 ktpd in year 6;
- LOM processed grades of 0.69 grams per tonne ("g/t") gold and 0.12% copper;
- LOM revenue mix of 76.5% gold, 22.0% copper and 1.5% molybdenum plus silver;
- Post-tax net present value of $920 million at a 5% discount rate;
- Post-tax internal rate of return of 15%;
- Initial capital costs including working capital of $831 million;
- Expansion capital including working capital of $406 million; and
- Average cash operating costs of $523/oz and all-in sustaining costs of $569/oz, net of by-product credits.

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

Further details on the PEA can be viewed in the Company's news release titled "Lumina Gold Announces Positive Cangrejos PEA Results; 373 koz Gold Per Year Over a 16 Year Mine Life" and dated June 28, 2018, or the technical report relating to the PEA, titled "Cangrejos Gold-Copper Project, Ecuador NI 43-101 Technical Report Preliminary Economic Assessment", with an effective date of June 27, 2018, and an execution date of August 10, 2018. Both the news release and technical report are available on SEDAR or the Company's website. Subsequent to the June 28, 2018 press release, but prior to the filing of the technical report, the Company updated the PEA financial model to account for an error that increased the after-tax net present value of the

Cangrejos Project to $920 million at a 5% discount rate and the after-tax IRR to 15%, versus the $876 million and 14.4% reported in the initial press release.

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. As part of the EIS process, a public participation process was implemented over a period of two weeks commencing April 5, 2018; the activity included a public assembly on April 12, 2018, where the Company's environmental consultants presented the EIS and attendees had the opportunity to express comments and concerns. A required report on the process was submitted to the MAE on May 17, 2018. The Company continues 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 away, 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. Prior to commencing non-systematic drilling, concessions require authorization for industrial water use from the water authority (the "SENAGUA"), as well as an update of the applicable environmental registry to reflect drilling activity; the latter performed via online application with the MAE.

General Developments in Ecuador

Over the past three years, the Government of Ecuador has been proactively implementing measures to improve the investment climate for mining in Ecuador. These have included the following measures and actions: (i) legislation extending the recovery of Value Added Tax to the mining industry after January 1, 2018; (ii) opening up the small mining regime to foreign investment; (iii) implementation and execution of an auction process in 2016 and early 2017 for initial and advanced mineral exploration concessions; (iv) negotiation and signing of various agreements to allow for the development of the Fruta del Norte and Rio Blanco projects; (v) formal elimination of the windfall profits tax, reduction of potential net smelter return ("NSR") royalty, and moderation of the effects of capital gains taxes for non-resident companies; and (vi) regulation and implementation of Scout Drilling during initial exploration.

The Government of Ecuador has been working systematically to address economic concerns. On April 2, 2018, President Lenin Moreno announced a 14-point program to improve Ecuador's precarious fiscal and macroeconomic conditions. Proposed austerity measures included institutional reforms aimed at reducing bureaucracy, including the elimination and optimization of numerous government entities. Among these proposals was a merger of the ministries of energy, mines and hydrocarbons into a Ministry of Energy and Non-Renewable Resources. This economic reform package became the Production Development Law which took effect on August 21, 2018. In conjunction with this development, senior government officials in Ecuador stepped up their collaboration with the International Monetary Fund and World Bank with a view to improving Ecuador's access to foreign credit and have started negotiations with the United States to improve commercial relations; these discussions led directly to 30-year loan agreements with multilateral institutions totalling $10.2 billion in loans announced in February 2019. In addition, Ecuador has applied for membership to the Pacific Alliance, a trade group that includes Chile, Colombia, Mexico and Peru; Canada, Australia, New Zealand and Singapore have also applied for membership.

Under the leadership of Minister Carlos Perez, Ministry of Energy and Non-Renewable Resources, the administration eliminated the mining windfall tax and continued efforts to improve the mining legal and tax framework in order to attract responsible investment for the benefit of the country and local communities. The Production Development Law, enacted in August 2018, contains provisions eliminating the windfall profits tax, changing the NSR royalty rate for large mining from 5%-8% to a range of 3%-8%, and reducing the capital gains tax on gains made upon the transfer of the shares of mining companies from 22% to 10% for non-residents of Ecuador. Following the enactment of this legislation, the administration took aggressive measures to control government spending and bureaucracy, including reducing headcounts at state agencies, cutting fuel subsidies and merging regulators; the Ministry of Mines was integrated into the new Ministry of Energy and Non-Renewable Resources.

Senior government officials continue to espouse the Government of Ecuador's commitment to consolidating Ecuador's status as an attractive mining jurisdiction that competes for significant foreign investment. On recent trips to Australia, Canada, Europe and Chile, senior officials have highlighted the country's mining potential and opportunities for investment. At the same time, national authorities have publicly committed to reopening the mining auction process, which currently remains suspended, as the

Government of Ecuador reviews the mining cadastre and rectifies approximately 2.5 million hectares of concessions that were not in good legal standing.

In addition, the Government has taken measures to unblock the gridlock that has been causing lengthy environmental permitting delays. Most importantly, a Ministerial Agreement was issued in June 2018 providing for Scout Drilling without an EIS during initial exploration, as described earlier in this MD&A. This process required the consent of the MAE, which delivered its guidelines in October 2018, via the issuance of a Ministerial Agreement defining the processes to be followed in order to obtain regulatory approval for this work.

The Company remains actively engaged with the mining community and Government of Ecuador to collaborate towards further positive reform and remains confident that under President Moreno, the Government of Ecuador will continue working to make Ecuador a destination for long-term mining investment. President Moreno´s approach, however, differs significantly from that of former President Rafael Correa. Moreno has emphasized dialogue and consensus, an approach that at times has generated delays, particularly with regards to permitting, but is anticipated to generate greater long-term social and political support for the mining sector. As part of this process, the Government of Ecuador is drafting a regulation aimed at bringing the country into compliance with international norms regarding popular consultation. In keeping with this approach, on March 5, 2018, Ecuador signed onto the Extractive Industries Transparency Initiative, which aims to improve transparency and governance of oil, gas and mineral resources. In addition, as part of its engagement with the mining sector, the Government of Ecuador, and Ecuadorian society, the Company joined nine other international mining companies and the Chamber of Mines of Ecuador to launch the Alliance for Responsible Mining in Ecuador ("ARME"). ARME´s mission is to promote best practices for responsible and sustainable mining and for the development of the mining industry in Ecuador.

The Company's advancement of the Cangrejos Project, acquisition of Ecuador Gold and Copper Corp. ("EGX") in late 2016, participation in the government concession auction process, and increased investment across its project portfolio were a direct response to the improving legal framework and growing support for mining in Ecuador, as well as management's view that these assets are attractive investment opportunities. The Company also determined that the gold and copper sectors had stabilized and it remains optimistic that global geopolitical and macroeconomic developments will continue to drive a sustained improvement in both markets over the mid to long-term.

In recent months, certain anti-mining activists in Ecuador have 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 International Labor Organization ("ILO") convention, to which Ecuador is a signatory, and which requires free, prior and informed consultation to aboriginal or indigenous communities (ILO 169). On August 3, 2018, the Provincial Court of Azuay province denied a government appeal of a lower court ruling suspending operations at Ecuagoldmining South America S.A.'s Rio Blanco mine. Some legal analysts have concluded that the court's legal reasoning is confusing and flawed and therefore does not establish a valid precedent. Furthermore, additional pleadings could effectively unwind the ruling. During July 2018, a judge suspended work at mining concessions in northeast Ecuador (in the Sucumbios Province) covering lands belonging to the indigenous Cofan, a people who until recent decades were uncontacted, finding that they had not been appropriately consulted. Likewise, the Mirador project, owned by Ecuacorriente S.A. succeeded in facing down a similar challenge, based on a court expert's finding that the communities in the affected area did not meet the definition of "indigenous" for prior consultation purposes. Along similar lines, on March 18, 2019, the Constitutional Court of Ecuador announced that the public referendum on mining in a canton, where INV Metals Inc. ("INV Metals") intends to place facilities, could proceed. The Court´s ruling was strictly procedural, holding that because it had not pronounced itself in a timely fashion on the substance of the matter, specifically, whether the process of the vote was constitutional, the decision of a National Election Council approving the vote must stand. The referendum vote took place on March 24, 2019, in Azuay province, long known to be especially sensitive about water use, and in a highly charged political environment. The local referendum voting went against mining activity. INV Metals responded by announcing they were evaluating the results and might possibly relocate the facilities to a more supportive canton. In addition, several parties announced their intention to challenge the outcome of the vote on the grounds that it was unconstitutional. While the Cangrejos Project is not known to have indigenous peoples or communities within its boundaries, there is a possibility that in some instances additional consultation will be required.

As in other Latin American countries, in Ecuador the mining industry will continue to face challenges. However, given the magnitude of mining's potential and the sector´s widely recognized importance to the country´s future economic viability, mining can be expected to continue to evolve in an overall positive direction. Government officials have recognized the potential ramifications of these developments for foreign mining investment as well as other industries and announced that the Executive Branch of the Government of Ecuador will soon issue a national mining policy to clearly define the areas of the country that will be open, as well as off limits, to mining development. Foreign companies, while expressing similar concerns, are not backing away, as demonstrated by CODELCO on March 29, 2019, formalizing the creation of a joint venture corporation with the state-owned mining company ENAMI for the co-development of the large Llurimagua copper porphyry deposit. Likewise, other major mining companies such as Anglo American plc ("Anglo American"), BHP, First Quantum Minerals Ltd. ("First Quantum") and Newcrest Mining Limited all continue to invest, directly and indirectly, in exploration and development in Ecuador. At the same time, two major mines, Fruta del Norte (Lundin Gold Inc.) and Mirador (Ecuacorriente S.A.), remain on course to come into production in the next year.

Additional Concessions Acquired

Lumina participated in the Government of Ecuador's mineral concession auction process in 2016 and 2017. Under the terms of the auction, a company that is awarded a concession is obligated to complete the investments proposed in the related application by the end of a four-year period. Should a company determine that it no longer wishes to retain a concession area, it can cease active spending and the concession will be forfeited back to the Government of Ecuador, provided that the Government of Ecuador mandated minimum expenditures have been met to that point in time – see discussion in this MD&A in the section "Liquidity and Capital Resources".

The Company was granted the following areas:

Concession Name	Area (Ha)	Status / Ownership
Cangrejos 20	780	Held by Lumina; located adjacent to the Company's Cangrejos Project.
Cascas (1)	9,998	Transferred to Luminex as part of the Arrangement.
Escondida (2)	1,204	Transferred to Luminex as part of the Arrangement.
La Canela	3,187	Transferred to Luminex as part of the Arrangement.
Orquideas	4,743	Transferred to Luminex as part of the Arrangement.
Palma Real (1)	19,775	Transferred to Luminex as part of the Arrangement.
Pegasus A / Pegasus B / Luz	67,360	Transferred to Luminex as part of the Arrangement.
Quimi (1)	2,732	Transferred to Luminex as part of the Arrangement.
Santa Elena (1)(2)	628	Transferred to Luminex as part of the Arrangement.
Tarqui (1)	4,817	Transferred to Luminex as part of the Arrangement.
Tres Picachos	4,828	Transferred to Luminex as part of the Arrangement.
Yawi	1,494	Held by Lumina; in process of being relinquished.
TOTAL	**121,546**	

Notes:
(1) Concessions acquired by way of option agreement with Proyectmin S.A., a related party to the Company. Under the terms of the option agreement, the Company was responsible for funding the required work commitments on the concessions. After two years, the concessions were to be transferred to the Company. On April 18, 2018, the Company acquired 100% of the shares of Proyectmin S.A. for $35,000 which eliminated the option agreement as the ownership of the concessions was directly controlled by Lumina. Proyectmin S.A. was transferred to Luminex as part of the Arrangement on August 31, 2018.
(2) The Escondida and Santa Elena concessions are considered part of the Condor Project for purposes of reporting from January 1, 2018.

Luminex Arrangement and Other Exploration Projects

As described in the "Introduction" section of this MD&A, Lumina completed a reorganization of its business on August 31, 2018 whereby all of its significant mineral property interests (except for the Cangrejos Project) were spun-out to Luminex. This included the following:

(i) The Condor Project in southern Ecuador, which was originally acquired from EGX on November 1, 2016, and consisting of 10,101 hectares; and
(ii) All of the concessions granted via Lumina's participation in the Government of Ecuador's mineral concession auction process except for Cangrejos 20 and Yawi (which Lumina is in the process of relinquishing). The relinquishment process includes completion of environmental audits and approval by the MAE.

Earn-ins with First Quantum and Anglo American

First Quantum Earn-In (Now held by Luminex)

On June 20, 2018, Lumina signed a formal earn-in agreement (the "FQM Earn-in Agreement") with First Quantum relating to the Orquideas and Cascas concessions (the "Properties"). The FQM Earn-in Agreement was assigned to Luminex under the terms of the Arrangement. Pursuant to the terms of the FQM Earn-in Agreement, Lumina received $100,000 upon signing, which the Company recorded in other income.

First Quantum and Lumina also entered into a services agreement (the "Services Agreement") whereby Lumina would act as the manager of the works programs to be conducted under the direction of First Quantum. This Services Agreement was also assigned to Luminex under the terms of the Arrangement. As manager, Lumina was entitled to charge an overhead and recovery fee of 10% of the expenditures incurred on the Properties, which to the date of assignment resulted in other income of $105,417.

Up to August 31, 2018, First Quantum reimbursed Lumina for expenditures incurred on the Properties totalling $1,147,182.

Further details on the FQM Earn-in Agreement can be viewed in Note 8 to the audited consolidated financial statements of the Company for the year ended December 31, 2018.

Anglo American Earn-In and Joint Venture (Held by Luminex)

On September 24, 2018, Luminex announced the signing of a formal earn-in and joint venture agreement with Anglo American (the "Anglo Agreement") relating to the Pegasus Project that was transferred to Luminex as part of the Arrangement. Under the terms of the Anglo Agreement, Lumina received a fee of $1.3 million, a recovery fee for certain legal costs of $10,436 and $286,976 relating to reimbursement of expenses incurred by Lumina on the Pegasus Project prior to the transfer of the Pegasus Project to Luminex. All future cash payments associated with the Anglo Earn-In Agreement will be made to Luminex. Further details on the Anglo Agreement can be viewed in Note 8 to the audited consolidated financial statements of the Company for the year ended December 31, 2018.

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 December 31, 2018, the Company had expended approximately $14 million of 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 December 31, 2018, the Company had yet to expend any cash raised from this financing activity.

OUTLOOK

Following the spin out of all other exploration assets into Luminex (with the exception of Yawi, which is in a formal process for relinquishment), the Company's sole asset and primary focus going forward is on the development of the Cangrejos Project. 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 indicated resource category. 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.

At the Cangrejos Project, 50 holes totaling 21,573 metres of resource definition drilling have been completed by the Company since March 2017. An additional 14 holes totaling 4,772 metres for metallurgical and geotechnical test work have also been completed. At Gran Bestia, nine holes totaling 4,598 metres have been drilled and exploration drilling is ongoing. 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. The Company has elected to advance several field activities in 2019 that would support a PFS, including resource, metallurgical and geotechnical drilling and hydrogeologic testing, which are discussed in further detail below.

Four drill rigs are currently operating at the Cangrejos Project. In 2019, Lumina's plans include drilling approximately 7,000 metres in 23 holes for resource in-fill and exploration at the Cangrejos Project and approximately 5,200 metres in 13 holes at the Gran Bestia deposit. This work is anticipated to be completed early in the third quarter of 2019.

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 is currently underway. One drill rig has been dedicated to large-diameter PQ Core drilling. Geotechnical drilling over nine holes for pit slope design is planned and select geotechnical holes will also serve as locations for pump tests and installation of monitoring wells and piezometers to support hydrogeological studies. Approximately 1,800 kilograms of 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 by 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 5,000 hectare 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.

SELECTED ANNUAL FINANCIAL INFORMATION

The following summary financial information has been derived from the financial statements of the Company, which have been prepared in accordance with IFRS. The Company's significant accounting policies are outlined within Note 3 to the audited consolidated financial statements of the Company for the fiscal years ended December 31, 2018 and 2017.

	Year Ended December 31, 2018	2017	2016
Consolidated Statements of Comprehensive Loss			
Revenue	$ -	$ -	$ -
Expenses	(15,953,261)	(13,602,515)	(3,914,675)
Loss on spinout of Luminex Resources Corp.	(12,536,695)	-	-
Other income (expenses)	1,022,865	203,090	(1,846)
Net loss and comprehensive loss for the year	$ (27,467,091)	$ (13,399,425)	$ (3,916,521)
Loss attributable to:			
Owners of the Company	$ (25,583,539)	$ (13,147,187)	$ (3,900,252)
Non-controlling interest	(1,883,552)	(252,238)	(16,269)
	$ (27,467,091)	$ (13,399,425)	$ (3,916,521)
Loss per share – basic and diluted	$ (0.09)	$ (0.06)	$ (0.03)
Consolidated Balance Sheets			
Cash and cash equivalents	$ 14,490,979	$ 14,692,983	$ 12,333,608
Exploration and evaluation assets	1,701,100	49,189,010	49,189,010
Property and equipment	1,622,462	1,984,400	1,220,585
Total assets	17,961,188	66,193,682	63,137,786
Total liabilities	550,453	1,138,168	627,976
Equity:			
Share capital	76,482,853	95,247,364	80,441,112
Share option reserve	6,005,243	4,767,358	3,628,481
Accumulated deficit	(65,077,361)	(39,493,822)	(26,346,635)
Non-controlling interest	$ -	$ 4,534,614	$ 4,786,852

A review of the results of operations for the years ended December 31, 2018 and 2017 is presented below in the "Review of Financial Results" section of this MD&A. The Company's operations and levels of expenditure vary from year to year as exploration activity is carried out or curtailed. The majority of 2016 saw the Company operating on the basis of seeking to minimize expenditures to the extent possible. This was offset, however, by costs relating to due diligence associated with the acquisition of EGX. Following completion of the EGX acquisition on November 1, 2016, and the award of numerous concessions in Ecuador as described earlier in this MD&A, the Company recommenced exploration activities. During 2017, the Company was actively advancing its numerous projects including drilling on the Cangrejos Project and the Condor Project and performing reconnaissance studies on its new concessions. There was also a significant increase in headcount in Ecuador to manage and work on the expanded projects. During 2018, the Company completed a PEA on the Cangrejos Project and also continued its drilling program on the project. The Company also incurred significant costs relating to the spin-out of Luminex which closed on August 31, 2018.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2018 and 2017 along with other public disclosure documents of the Company.

For the year ended December 31, 2018, the Company reported a net loss of $27,467,091 compared to a net loss of $13,399,425 for the year ended December 31, 2017. The overall increase in net loss arose primarily due to (i) a loss on spinout of assets to Luminex and (ii) professional fees associated with the Arrangement.

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 December 31, 2018, the carrying value of the exploration and evaluation asset related to the Cangrejos Project was $1,701,100 (December 31, 2017 - $1,701,100). At December 31, 2018, the Condor Project had been transferred to Luminex compared to its carrying value at December 31, 2017 of $47,487,910.

Exploration and evaluation ("E&E") expenditures are expensed to profit and loss as incurred. These are discussed below and are disclosed in Note 8(b) of the audited consolidated financial statements for the year ended December 31, 2018.

Expenses

Exploration and evaluation expenditures

Total E&E expenses for the year ended December 31, 2018 were $12,290,231 compared to $10,790,991 for the year ended December 31, 2017. Further details on expenses as they relate to specific projects and concession areas are noted below.

Cangrejos Project

The Company's E&E expenditures on the Cangrejos Project were as follows for the years ended December 31, 2018 and 2017:

	Year ended December 31, 2018	2017	Increased (decreased) Expenditure
Mineral rights	$ 114,679	$ 189,729	$ (75,050)
Legal fees	179,469	510,528	(331,059)
Assays / Sampling	270,370	198,645	71,725
Camp	437,550	507,490	(69,940)
Camp access and improvements	72,367	15,030	57,337
Drilling	2,834,225	1,216,807	1,617,418
Engineering	522,991	51,294	471,697
Environmental, Health & Safety	208,232	95,206	113,026
Field office	396,043	330,153	65,890
Geological consulting	630,245	259,145	371,100
Geological and field staff	366,403	636,489	(270,086)
Metallurgical	163,028	73,790	89,238
Project management	1,030,913	289,330	741,583
Reports	149,993	30,093	119,900
Social and community	397,823	125,589	272,234
Share-based payment	322,098	161,120	160,978
Transportation and accommodation	359,704	180,443	179,261
	$ 8,456,133	$ 4,870,881	$ 3,585,252

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 $322,098 for the year ended December 31, 2018 compared to $161,120 for the year ended December 31, 2017. Excluding share-based payment expense, the overall increase in E&E expenditures for the year ended December 31, 2018 compared to 2017 is $3,424,274. The increase in expenditures reflects the Company's overall level of activity at the Cangrejos Project, in particular with regard to work being performed to support the PEA. Expenditures increased most significantly in the following areas:

i. Drilling costs in 2018 were $2,834,225 compared to $1,216,807 in 2017;
ii. Project management, engineering, geological consulting, metallurgical costs and report expenses all increased in the year ended December 31, 2018 compared to 2017 (for a total increase of $1,793,518) primarily as a result of the Company's PEA work and activity; and

iii. The increased levels of activity on the project resulted in additional presence and activity at the Cangrejos Project camp, including local and international travel to the camp. Accordingly, there were cost increases in all of these areas, as noted in the table above.

Condor Project (now held by Luminex)

The Company's E&E expenditures on the Condor Project, which was transferred to Luminex as part of the Arrangement on August 31, 2018, were as follows for the years ended December 31, 2018 and 2017:

	Year ended December 31, 2018	2017	Increased (decreased) Expenditure
Mineral rights	$ 93,333	$ 198,504	$ (105,171)
Legal fees	15,972	24,860	(8,888)
Assays / Sampling	85,202	77,801	7,401
Camp	412,294	172,964	239,330
Camp access and improvements	77,244	69,487	7,757
Drilling	113,903	318,678	(204,775)
Environmental, Health & Safety	79,783	2,754	77,029
Field office	183,707	561,222	(377,515)
Geological consulting	345,082	221,932	123,150
Geological and field staff	149,549	908,277	(758,728)
Project management	165,177	156,897	8,280
Social and community	128,802	156,662	(27,860)
Share-based payment	64,742	118,529	(53,787)
Transportation and accommodation	235,205	266,838	(31,633)
	$ 2,149,995	$ 3,255,405	$ (1,105,410)

Expenditures on the Condor Project reflect ongoing exploration, management, camp, and support (social and environmental management) staff costs which are included in the field office category, and for 2018, reflect costs incurred to August 31, 2018, being the date of the Arrangement.

Other Projects (now held by Luminex except for Yawi)

All the Company's other projects, except for Yawi, were transferred as part of the Arrangement on August 31, 2018 and thus expenditures for 2018 for each project reflect costs incurred to the date of the Arrangement. The Company's E&E expenditures on the Pegasus Project, Cascas Project and Orquideas Project, and other projects were as follows for the years ended December 31, 2018 and 2017:

Pegasus Project	Year ended December 31, 2018	2017	Increased (decreased) Expenditure
Mineral rights	$ 659,238	$ 643,347	$ 15,891
Legal fees	27,579	44,463	(16,884)
Assays / Sampling	40,036	102,359	(62,323)
Camp	21,807	90,311	(68,504)
Environmental, Health & Safety	13,578	941	12,637
Field office	74,127	5,945	68,182
Geological consulting	9,354	38,747	(29,393)
Geological and field staff	222,082	200,303	21,779
Project management	51,501	35,062	16,439
Reports	1,960	-	1,960
Social and community	573	7,805	(7,232)
Transportation and accommodation	32,521	29,507	3,014
Expenses before cost recovery	1,154,356	1,198,790	(44,434)
Cost recovery from Anglo American	(286,976)	-	(286,976)
	$ 867,380	$ 1,198,790	$ (331,410)

The most significant expense item for the Pegasus Project related to the annual mineral concession fees which were paid in March 2018. The Company performed geologic reconnaissance and mapping, soil, stream and rock sampling and analysis in 2018 as part of its initial exploration program, mainly utilizing in-house staffing. As discussed earlier in this MD&A, in September 2018, Luminex entered into the Anglo Agreement, pursuant to which Lumina received a reimbursement for certain expenditures that had been incurred on the Pegasus Project during the time it was under the control of the Company in the amount of $286,976 which have been recorded as a reduction to expenditures.

Cascas / Orquideas Projects	Year ended December 31, 2018	2017	Increased (decreased) Expenditure
Mineral rights	$ 144,117	$ 142,421	$ 1,696
Legal fees	32,459	13,042	19,417
Assays / Sampling	46,720	70,492	(23,772)
Camp	187,674	73,952	113,722
Camp access and improvements	1,962	1,079	883
Environmental, Health & Safety	34,254	4,405	29,849
Field office	58,474	8,602	49,872
Geological consulting	111,616	41,447	70,169
Geological and field staff	103,079	153,555	(50,476)
Project management	36,425	17,531	18,894
Reports	84,618	-	84,618
Social and community	47,527	21,919	25,608
Transportation and accommodation	122,793	37,453	85,340
Expenses before cost recovery	1,011,718	585,898	425,820
Cost recovery from First Quantum	(1,147,182)	-	(1,147,182)
	$ (135,464)	$ 585,898	$ (721,362)

The main focus for the Cascas / Orquideas Projects during 2018 was on the Orquideas concession area, working in conjunction with First Quantum as described earlier in this MD&A. Work performed included geologic mapping and sampling, line-cutting and IP geophysical surveying as well as auger soil sampling along the geophysical lines. As discussed earlier in this MD&A, in accordance with the FQM Earn-in Agreement, Lumina received reimbursements for certain expenditures in the amount of $1,147,182.

Other Project Areas	Year ended December 31, 2018	2017	Increased (decreased) Expenditure
Mineral rights	$ 357,168	$ 352,727	$ 4,441
Legal fees	29,082	71,252	(42,170)
Assays / Sampling	60,590	28,735	31,855
Camp	56,170	43,823	12,347
Camp access and improvements	4,439	1,003	3,436
Environmental, Health & Safety	20,501	3,016	17,485
Field office	43,746	16,231	27,515
Geological consulting	10,379	11,320	(941)
Geological and field staff	230,733	266,990	(36,257)
Project management	49,033	52,594	(3,561)
Social and community	34,375	5,532	28,843
Transportation and accommodation	55,971	26,794	29,177
	$ 952,187	$ 880,017	$ 72,170

The most significant expense items for the other projects held by the Company related to the annual mineral concession fees. Work performed included geologic reconnaissance and mapping, soil, stream and rock sampling and analysis as part of the Company's initial exploration program, mainly using in-house staffing.

Other operating expenses

The Company's other operating expenses for the years ended December 31, 2018 and 2017 were as follows:

	Year ended December 31, 2018	2017	Increased (decreased) Expenditure
Fees, salaries and other employee benefits	$ 1,916,626	$ 1,832,109	$ 84,517
General and administration ("G&A")	645,275	361,064	284,211
Pre exploration and evaluation expenditures	-	22,110	(22,110)
Professional fees	1,062,832	582,398	480,434
Insurance	38,297	13,843	24,454
	$ 3,663,030	$ 2,811,524	$ 851,506

Fees, salaries and other employee benefits for the year ended December 31, 2018 include $874,430 of share-based payment expense (2017 - $886,427). Excluding this non-cash expense, fees, salaries and other employee benefits for the year ended December 31, 2018 was $1,042,196 compared to $945,682 for the year ended December 31, 2017. The increase in fees, salaries and other employee benefits and G&A costs (as noted in the table above) arose due to the generally increased levels of activity as described earlier in this MD&A. Professional fees increased by $480,434 for the year ended December 31, 2018 compared to 2017 primarily as a result of additional legal fees incurred relating to the Arrangement. G&A costs increased by $284,211 for the year ended December 31, 2018 compared to 2017 as a result of additional investor relations activity and fees associated with the operations of Luminex prior to the Arrangement on August 31, 2018.

Other income / expenses

The Company's other income / expenses for the years ended December 31, 2018 and 2017 were as follows:

	Year ended December 31, 2018	2017	Increased (decreased) Loss (Gain)
Loss on spinout of Luminex	$ (12,536,695)	$ -	$ 12,536,695
Interest income and other:			
First Quantum signing bonus	100,000	-	(100,000)
First Quantum services agreement	105,417	-	(105,417)
Anglo American fee	1,300,000	-	(1,300,000)
Interest – bank / environmental deposits	16,938	16,903	(35)
Other income	125	3,313	3,188
Foreign exchange (loss) gain	(499,615)	182,874	682,489
	$ (11,513,830)	$ 203,090	$ 11,716,920

The Company recorded a loss on transfer of spinout assets to Luminex which reflects the difference between the book carrying value of the net assets transferred to Luminex and the fair value of the same assets. This is disclosed in more detail in Note 4 to the audited consolidated financial statements of the Company at December 31, 2018. As described earlier in this MD&A, the Company received several fees related to the FQM Earn-in Agreement and the Anglo Agreement. At December 31, 2018, the Company recorded a foreign exchange loss 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 the date of the financings closing and December 31, 2018, the Canadian dollar depreciated against the U.S. dollar resulting in an unrealized foreign exchange loss.

Related Party Transactions

In addition to the related party transactions described elsewhere in this MD&A with Luminex related to the Arrangement, the Company incurred the following expenses with related parties:

Company	Nature of transactions	Year ended December 31, 2018	2017
Miedzi Copper Corp.	E&E (geological)	$ 77,839	$ 57,251
Miedzi Copper Corp.	G&A	105,272	67,678
Miedzi Copper Corp.	Fees	446,861	369,649
Mozow Copper Sp. z o. o. ("Mozow")	E&E (field office)	2,244	1,579
Hathaway Consulting Ltd.	Fees	158,792	181,587
Koval Management, Inc.	Fees	230,355	225,208
La Mar Consulting Inc.	E&E (social and community)	185,871	160,252
Luminex Services Ecuador LS-EC S.A. ("Luminex Services")	E&E (geological; social and community; and field office)	103,285	-
Lyle E Braaten Law Corp.	Fees	105,210	103,248
Proyectmin S.A.[1]	E&E (field office)	3,173	113,993
Zen Capital & Mergers Ltd.	Fees	2,291	4,617
		$ 1,421,493	$ 1,285,062

[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 December 31, 2018, there were no amounts owing to related parties (2017 - $1,883 owing to Proyectmin S.A. and $675 owing to Mozow included in accounts payable and accrued liabilities).

SUMMARY OF QUARTERLY RESULTS (UNAUDITED) AND FOURTH QUARTER

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

Three Months Ended:	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Revenue	$ -	$ -	$ -	$ -
Expenses	(3,518,797)	(3,144,164)	(4,136,773)	(5,153,527)
Other (expenses) income	(360,119)	(11,179,184)	137,067	(111,594)
Net loss for the period	(3,878,916)	(14,323,348)	(3,999,706)	(5,265,121)
Net loss for the period attributable to owners of the Company	(3,878,916)	(12,576,753)	(3,952,727)	(5,175,143)
Basic and diluted loss per share attributable to owners of the Company	(0.01)	(0.05)	(0.01)	(0.02)

Three Months Ended:	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Revenue	$ -	$ -	$ -	$ -
Expenses	(4,426,990)	(3,091,991)	(3,118,634)	(2,964,900)
Other income	127,791	32,512	27,101	15,686
Net loss for the period	(4,299,199)	(3,059,479)	(3,091,533)	(2,949,214)
Net loss for the period attributable to owners of the Company	(4,193,667)	(3,006,174)	(3,031,817)	(2,915,529)
Basic and diluted loss per share attributable to owners of the Company	(0.02)	(0.01)	(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 (total of $1,162,790). 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 so costs decreased 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 relating to the Anglo Agreement (as described earlier in this MD&A). The Company continued exploration work on its Cangrejos Project in the three months ended December 31, 2018 (the Fourth Quarter) 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.

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 8 of the Company's audited consolidated financial statements for the years ended December 31, 2018 and 2017.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2018, the Company had cash of $14,490,979 compared to cash of $14,692,983 at December 31, 2017. The Company's working capital at December 31, 2018 was $14,056,845 compared to $13,689,881 at December 31, 2017. The Company's cash and current assets at December 31, 2018, 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 December 31, 2018, approximately $12.7 million of the Company's cash and cash equivalents were held at Scotiabank, a major chartered bank in Canada, and approximately $1.8 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 December 31, 2018.

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 21 of the audited consolidated financial statements of the Company for the year ended December 31, 2018. For 2019, the Company has a commitment of $422,000 on its projects. The Company's current working capital is sufficient to meet this commitment.

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 December 31, 2018, 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. The Company will only be required to pay the annual mineral concession patent fee until the date of relinquishment. The annual fee for Yawi is approximately $15,000. The amount of $919,577 includes an annual commitment amount of $3,679 which is included in the annual commitment of $422,000 described above.

To date, the capital requirements of the Company have been met by equity or loan proceeds. As noted in Note 2(c) to the audited consolidated financial statements of the Company for the year ended December 31, 2018, the Company has incurred cumulative losses of $65,077,361 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 December 31, 2018, 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 16(a) to the audited consolidated financial statements for the year ended December 31, 2018.

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 December 31, 2018, the Company's current liabilities consisted of accounts payable and accrued liabilities of $550,453 which are due primarily within the next quarter. The Company's cash of $14,490,979 at December 31, 2018 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 year ended December 31, 2018 is interest income earned on the Company's cash. Based on the Company's cash at December 31, 2018, 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 $145,000 (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 December 31, 2018, the Company's cash was primarily held in Canadian dollars as disclosed in Note 5 of the audited consolidated financial statements for the year ended December 31, 2018. 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 $121,000 to the results of operations based upon the foreign currency financial instruments (including cash) held at December 31, 2018. The Company's cash balance in Canadian dollars was higher than in the normal course of operations following the closing of its equity financing in Canadian dollars in late November 2018.

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 3(s) in the Company's audited consolidated financial statements for the year ended December 31, 2018.

Going concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. As disclosed in Note 2(c) of the audited consolidated financial statements for the year ended December 31, 2018, the Company has incurred cumulative losses of $65,077,361. 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.

Fair value of net assets distributed to Luminex

The determination of the fair value of the net assets distributed to Luminex as part of the Arrangement requires judgment and estimates. The Company utilized comparable market transactions to value the Condor Project and a replacement cost approach as an indicator of the value of exploration and evaluation assets where a resource was yet to be determined.

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.

CHANGES IN ACCOUNTING STANDARDS

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

IFRS 9 – Financial Instruments

The IASB published the final version of IFRS 9 in July 2014. The final standard brings together the classification, measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a loss impairment model, amends the classification and measurement model for financial assets and provides additional guidance on how to apply the business model and contractual characteristics test. This final version of IFRS 9 supersedes all previous versions of IFRS 9 and was effective for annual periods commencing on or after January 1, 2018, with early adoption permitted. The Company adopted the new standard on January 1, 2018 and has provided additional details concerning the accounting policy and impact on the financial statements in Note 3(m) to the audited consolidated financial statements for the year ended December 31, 2018.

IFRS 16 – Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes 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 will 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, with earlier adoption permitted.

During 2018 and continuing into the first quarter of 2019, management of the Company has reviewed existing lease and service contracts to identify contracts that fall into the scope of IFRS 16. This also contemplated whether service contracts contained any embedded leases. Following this scoping work, the Company has begun to develop a valuation approach to measure the right of use assets and related lease obligations, which work is ongoing.

Upon adoption of IFRS 16, the Company will be required to record any new right of use assets and associated lease liabilities related to leases with a term of twelve months or more on the consolidated balance sheet at January 1, 2019.

The Company is in the process of finalizing the assessment of the impact that the adoption of IFRS 16 will have on the consolidated financial statements. The Company will use the modified retrospective approach of adoption resulting in no restatement of prior year comparatives. The quantitative impact, if any, of adopting IFRS 16 will be provided in the Company's first interim financial statements in 2019.

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, 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, 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, and 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 the activities 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 differ on a case by case basis, as do 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 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. Anti-mining activists in Ecuador 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 and the Company competes with many companies, including those possessing greater financial resources and technical capabilities.*

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 may adversely affect the Company's operations and profitability.*

Mining, development, exploration and production activities depend, to one degree or another, on adequate infrastructure. 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.