

LUMINEX RESOURCES

LUMINEX RESOURCES CORP.



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2019

(Unaudited)

TSX-V: LR



www.luminexresources.com

NOTICE OF NO AUDITOR REVIEW

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended March 31, 2019 and 2018 have not been reviewed by the Company's external auditors.

LUMINEX RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

Unaudited

(expressed in U.S. dollars)

| | Note | March 31, 2019 | December 31, 2018 |
|---|------|----------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | 3 | \$ 2,200,367 | \$ 3,384,161 |
| Receivables | 4 | 163,569 | 44,108 |
| Prepaid expenses | | 46,086 | 18,048 |
| Total current assets | | 2,410,022 | 3,446,317 |
| Non-current assets | | | |
| Environmental deposit | | 170,002 | 168,444 |
| Property and equipment | 5 | 963,303 | 890,585 |
| Exploration and evaluation assets | 6(a) | 30,945,626 | 30,945,626 |
| Investment in Pegasus | 6(b) | 2,200,000 | 2,200,000 |
| Total assets | | \$ 36,688,953 | \$ 37,650,972 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 725,408 | \$ 595,710 |
| Current portion of lease obligations | 5 | 20,952 | - |
| Total current liabilities | | 746,360 | 595,710 |
| Non-current liabilities | | | |
| Lease obligations | 5 | 63,234 | - |
| Total liabilities | | 809,594 | 595,710 |
| EQUITY | | | |
| Share capital | 8 | 53,576,655 | 53,576,655 |
| Share-based payment reserve | 9 | 351,488 | 283,454 |
| Accumulated deficit | | (20,505,290) | (19,314,585) |
| Equity attributable to owners of the Company | | 33,422,853 | 34,545,524 |
| Non-controlling interest | 7 | 2,456,506 | 2,509,738 |
| Total equity | | 35,879,359 | 37,055,262 |
| Total liabilities and equity | | \$ 36,688,953 | \$ 37,650,972 |

Nature of operations (Note 1)
 Going concern (Note 2(b))
 Commitments and contingent liability (Note 18)
 Post-reporting date events (Note 19)

APPROVED BY THE DIRECTORS

"Marshall Koval"

Director

"Donald Shumka"

Director

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

LUMINEX RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

Three months ended March 31, 2019 and period from incorporation on March 16, 2018 to March 31, 2018

Unaudited

(expressed in U.S. dollars)

| | Note | Three months ended March 31, 2019 | Period from March 16, 2018 to March 31, 2018 |
|--|----------|--------------------------------------|---|
| Expenses | | | |
| Exploration and evaluation ("E&E") expenditures | 6(c), 16 | \$ 1,081,081 | \$ - |
| Fees, salaries and other employee benefits | 10, 16 | 234,568 | - |
| General and administration ("G&A") | 16 | 23,899 | - |
| Pre exploration and evaluation expenditures | | 10,372 | - |
| Professional fees | | 88,280 | - |
| | | (1,438,200) | - |
| Other income (expenses) | | | |
| Interest income and other | 17 | 196,058 | - |
| Interest expense | | (1,984) | - |
| Foreign exchange gain | | 189 | - |
| | | 194,263 | - |
| Net loss and comprehensive loss for the period | | \$ (1,243,937) | \$ - |
| Loss attributable to: | | | |
| Owners of the Company | | \$ (1,190,705) | \$ - |
| Non-controlling interest | 7 | (53,232) | - |
| | | \$ (1,243,937) | \$ - |
| Loss per share attributable to owners of the Company – basic and diluted | 11 | \$ (0.03) | \$ - |
| Weighted average number of shares outstanding – basic and diluted | 11 | 41,096,558 | 100 |

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

LUMINEX RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Three months ended March 31, 2019 and period from incorporation on March 16, 2018 to March 31, 2018

Unaudited

(expressed in U.S. dollars)

| | Note | Three months ended March 31, 2019 | Period from March 16, 2018 to March 31, 2018 |
|--|----------|--------------------------------------|---|
| Operating activities | | | |
| Loss for the period | | \$ (1,243,937) | \$ - |
| Adjustment for non-cash items: | | | |
| Depreciation | 5 | 18,146 | - |
| Share-based payment | 9 | 68,034 | - |
| Environmental deposit interest accrued | | (1,558) | - |
| Deduct: interest income | | (9,515) | - |
| Net changes in non-cash working capital items: | | | |
| Receivables | | (119,461) | - |
| Prepaid expenses | | (28,038) | - |
| Accounts payable and accrued liabilities | | 129,698 | - |
| Net cash utilized in operating activities | | (1,186,631) | - |
| Investing activities | | | |
| Interest received | | 9,515 | - |
| Net cash provided by investing activities | | 9,515 | - |
| Financing activities | | | |
| Payment of lease obligation | 5 | (6,678) | - |
| Shares issued | 8 | - | 1,900 |
| Net cash (utilized in) provided by financing activities | | (6,678) | 1,900 |
| (Decrease) increase in cash | | (1,183,794) | 1,900 |
| Cash, beginning of period | | 3,384,161 | - |
| Cash, end of period | 3 | \$ 2,200,367 | \$ 1,900 |

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

LUMINEX RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

Three months ended March 31, 2019 and period from incorporation on March 16, 2018 to March 31, 2018

Unaudited

(expressed in U.S. dollars)

| | Note | Attributable to owners of the Company | | | | Total | Non-controlling Interest | Total Equity |
|--|------|---------------------------------------|-------------------------|--------------------------------|------------------------|---------------|--------------------------|---------------|
| | | Share Capital Number of shares | Share Capital Amount | Share-based Payment Reserve | Accumulated Deficit | | | |
| Balance , March 16, 2018 and March 31, 2018 | 8 | 100 | \$ 1,900 | \$ - | \$ - | \$ 1,900 | \$ - | \$ 1,900 |
| Opening Balance , December 31, 2018 | | 41,096,558 | \$ 53,576,655 | \$ 283,454 | \$ (19,314,585) | \$ 34,545,524 | \$ 2,509,738 | \$ 37,055,262 |
| Share-based payment | 9 | - | - | 68,034 | - | 68,034 | - | 68,034 |
| Comprehensive loss | | - | - | - | (1,190,705) | (1,190,705) | (53,232) | (1,243,937) |
| Balance , March 31, 2019 | | 41,096,558 | \$ 53,576,655 | \$ 351,488 | \$ (20,505,290) | \$ 33,422,853 | \$ 2,456,506 | \$ 35,879,359 |

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

LUMINEX RESOURCES CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2019 and period from incorporation on March 16, 2018 to March 31, 2018

Unaudited

(expressed in U.S. dollars)

1. NATURE OF OPERATIONS

Luminex Resources Corp. ("Luminex" or the "Company") is a publicly listed company incorporated under the *Business Corporations Act* (British Columbia) on March 16, 2018 pursuant to a plan of arrangement (the "Arrangement") to reorganize Lumina Gold Corp. ("Lumina") which was completed on August 31, 2018. The Company is listed on the TSX-Venture Exchange, having the symbol LR. Luminex and its wholly-owned subsidiaries (collectively referred to as the "Group") are engaged in the acquisition, exploration and development of mineral resources in Ecuador. The Group is considered to be in the exploration stage as it has not placed any of its mineral properties into production.

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

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

(a) Basis of preparation

These condensed consolidated interim financial statements of the Group for the three months ended March 31, 2019 and period from incorporation on March 16, 2018 to March 31, 2018, have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information and disclosures required in full annual financial statements and should be read in conjunction with the Group's annual financial statements as at December 31, 2018 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in U.S. dollars, except as specifically noted for Canadian dollar amounts shown as "C\$".

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on May 29, 2019.

(b) Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Group will be able to realize, in the foreseeable future, its assets and discharge its liabilities in the normal course of business as they come due. The Group has incurred cumulative losses of \$20,505,290 as at March 31, 2019 and has reported a net loss attributable to owners of the Company of \$1,190,705 for the three months ended March 31, 2019. The Group expects to continue to incur losses in the development of its mineral exploration projects and will require additional financing in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern is dependent upon obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Group's assets, the outright sale of the Company, the successful development of the Group's mineral property interests or a combination thereof. However, there can be no assurance that management's plans will be successful. The Group believes that, based on forecasts and its expected ability to raise financing, it will be able to continue as a going concern for the foreseeable future. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern. Such adjustments could be material.

(c) Significant accounting policies

The significant accounting policies that have been applied, on a consistent basis, in the preparation of these condensed consolidated interim financial statements are included in the Group's audited consolidated financial statements for the fiscal period ended December 31, 2018. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements, except as noted below.

IFRS 16 – Leases

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

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

LUMINEX RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2019 and period from incorporation on March 16, 2018 to March 31, 2018

Unaudited

(expressed in U.S. dollars)

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

(c) Significant accounting policies (continued)

IFRS 16 – Leases (continued)

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

Lease definition:

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

Measure of right-of-use (“ROU”) assets and lease obligations:

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

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

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

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

Recognition exemptions:

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

LUMINEX RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three months ended March 31, 2019 and period from incorporation on March 16, 2018 to March 31, 2018

Unaudited

(expressed in U.S. dollars)

2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Significant accounting judgments and estimates**

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

Judgments

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

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

Estimates and assumptions

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.

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

(e) Standards issued but not yet effective

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

3. CASH

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

| | | March 31, 2019 | | December 31, 2018 |
|--|-----------|------------------|-----------|-------------------|
| Cash at bank and in hand denominated in Canadian dollars | \$ | 38,712 | \$ | 17,870 |
| Cash at bank and in hand denominated in U.S. dollars | | 2,161,655 | | 3,366,291 |
| Cash | \$ | 2,200,367 | \$ | 3,384,161 |

LUMINEX RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2019 and period from incorporation on March 16, 2018 to March 31, 2018

Unaudited

(expressed in U.S. dollars)

4. RECEIVABLES

| | March 31, 2019 | | December 31, 2018 | |
|-----------------------------------|----------------|----------------|-------------------|---------------|
| Refundable goods and services tax | \$ | 18,996 | \$ | 23,188 |
| Other | | 144,573 | | 20,920 |
| Total receivables | \$ | 163,569 | \$ | 44,108 |

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Group anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Group's receivables are all considered current and are not past due. The Group does not hold any collateral related to these assets.

5. PROPERTY AND EQUIPMENT

| | Land ⁽¹⁾ | Right-of-use assets | Property & Equipment | Total |
|---------------------------------|---------------------|---------------------|----------------------|---------------------|
| Cost | | | | |
| December 31, 2018 | \$ 553,032 | \$ - | \$ 472,403 | \$ 1,025,435 |
| Additions | - | 90,864 | - | 90,864 |
| March 31, 2019 | \$ 553,032 | \$ 90,864 | \$ 472,403 | \$ 1,116,299 |
| Accumulated Depreciation | | | | |
| December 31, 2018 | \$ - | \$ - | \$ 134,850 | \$ 134,850 |
| Depreciation for the period | - | 7,572 | 10,574 | 18,146 |
| March 31, 2019 | \$ - | \$ 7,572 | \$ 145,424 | \$ 152,996 |
| Net book value | | | | |
| December 31, 2018 | \$ 553,032 | \$ - | \$ 337,553 | \$ 890,585 |
| March 31, 2019 | \$ 553,032 | \$ 83,292 | \$ 326,979 | \$ 963,303 |

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

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

ROU assets:

On adoption of IFRS 16, the Group recognized ROU assets in relation to leases for office space and warehouses in Ecuador which had previously been classified as operating leases under the principles of IAS 17. The ROU assets were recognized based on the amount equal to the lease liability. Upon transition to IFRS 16, the Group recognized ROU assets and lease obligations of \$90,864.

Lease obligations:

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

| | March 31, 2019 | |
|---|----------------|---------------|
| Undiscounted minimum lease payments | | |
| Within one year | \$ | 34,650 |
| Between one and five years | | 60,637 |
| Total undiscounted lease obligations | | 95,287 |
| Less future interest charges | | (11,101) |
| Total discounted lease obligations | | 84,186 |
| Less: current portion of lease obligations | | (20,952) |
| Non-current portion of lease obligations | \$ | 63,234 |

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

LUMINEX RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three months ended March 31, 2019 and period from incorporation on March 16, 2018 to March 31, 2018

Unaudited

(expressed in U.S. dollars)

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES**(a) Exploration and evaluation assets**

The Group holds various mineral exploration projects and concession areas in Ecuador as follows:

Condor: The Group has nine concessions located in the Zamora-Chinchipec Province in southeast Ecuador, collectively known as the "Condor Project" and totaling 10,101 hectares, which also includes the following concessions (i) Escondida (1,204 hectares awarded to Lumina pursuant to a public tender process in Ecuador (the "Public Tender") in January 2017) and (ii) Santa Elena (628 hectares obtained by Lumina through Public Tender in December 2016).

Pegasus: In November 2016, pursuant to the Public Tender, Lumina was awarded the Pegasus A1-7 and Pegasus B8-14 concessions. These concessions are an early-stage gold project comprising 66,525 hectares and are located approximately 150 kilometres southwest of Quito. In June 2017, Lumina was awarded an additional concession of 835 hectares, known as "Luz," which is adjacent to the Pegasus A concessions.

Tres Picachos / La Canela / Orquideas: In December 2016, via Public Tender, Lumina was awarded the following concessions: Tres Picachos (4,828 hectares) and La Canela (3,187 hectares) which are located approximately 100 kilometres southwest of the Condor Project and Orquideas (4,743 hectares) which is located in proximity to the Condor Project.

Palma Real / Cascas / Santa Elena / Quimi / Tarqui: These concessions were initially obtained under an option between Lumina and Proyectmin S.A. ("Proyectmin"), a related party. On April 18, 2018, Luminex (which was still a wholly-owned subsidiary of Lumina) paid and expensed a payment to Proyectmin for an amount of \$35,000 which eliminated the need for the option and brought ownership of the areas directly under control of Luminex. The concession areas include: Palma Real, obtained in November 2016, and located in Northern Ecuador, consisting of four concession areas totaling 19,775 hectares; Cascas, obtained in January 2017, consisting of two concession areas totaling 9,998 hectares located approximately 25 kilometres southwest of the Condor Project; Santa Elena, as described under "Condor" above; Quimi, obtained in May 2017, consisting of two concession areas totaling 2,732 hectares located on trend with the Condor Project; and Tarqui, obtained in May 2017, consisting of two concession areas totaling 4,817 hectares located on trend with the Condor Project. As at March 31, 2019, the Group was in the process of relinquishing the Palma Real concessions. There are no costs capitalized on the balance sheet for the Palma Real concessions.

Acquisition costs and carrying value of the Group's exploration projects as at March 31, 2019 are as follows:

| | March 31, 2019 |
|---|----------------|
| Cost | |
| Condor Project | \$ 47,487,910 |
| Rights to acquire / use ("Mineral Concession Rights") | |
| - Escondida | \$ 45,000 |
| - La Canela | 120,000 |
| - Orquideas | 825,000 |
| - Tres Picachos | 240,000 |
| | 1,230,000 |
| | \$ 48,717,910 |
| Impairment | |
| Condor Project | \$ 17,772,284 |
| Net book value | \$ 30,945,626 |

In order to transfer certain concessions to Luminex, and in compliance with rules in Ecuador, Lumina and Luminex entered into agreements whereby the Group shall have the right to acquire 100% of the title and interest to the Mineral Concession Rights areas, subject to the relevant regulatory approval and execution of transfer documents, the consideration for which has been paid for in cash of \$1,230,000 and \$2,200,000 re Pegasus which is described in more detail below in Note 6(b). As per the above-referenced agreements, and subject to prior governmental approvals, the Group is able to explore and operate the concession areas.

In connection with the Arrangement, Lumina and Luminex were required to assess the fair value of the net assets of Luminex which comprise the distribution. The fair value of the net assets received by Luminex, and in particular the exploration and evaluation assets, was determined utilizing comparable market transactions to value the Condor Project and a replacement cost approach as an indicator of the value of exploration and evaluation assets where mineral resources have yet to be determined. As a result of such valuation, the Condor Project was impaired by \$17.8 million as of August 31, 2018.

LUMINEX RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Unaudited

(expressed in U.S. dollars)

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(a) Exploration and evaluation assets (continued)

First Quantum Minerals Ltd. ("FQM") Earn-in Agreement:

On June 20, 2018, Lumina signed a formal earn-in agreement (the "Earn-in Agreement") with FQM relating to the Orquideas and Cascas concessions (the "Properties"). Under the terms of the Earn-in Agreement, FQM is committed to fund a minimum of \$1.5 million in exploration expenditures and fees by the end of year one, after which it can withdraw from the agreement with no retained interest. If FQM chooses to continue funding beyond the first year they will have the right to earn 51% ownership in the Properties ("First Earn-in") by meeting the required spending commitments over the five-year period and paying certain cash payments to the Business. Spending commitments and estimated concession license fees over the First Earn-in total \$31.5 million. Pursuant to the terms of the Earn-in Agreement, Lumina received \$100,000 upon signing ("Signing Bonus"). Further cash payments of \$6.9 million will be received by Luminex over the duration of the First Earn-in period of which \$150,000 was received on February 21, 2019.

FQM has the right under the agreement to stop funding prior to completion of the First Earn-in on either or both of the Properties. FQM also has the right to earn an additional 19% ownership in the Properties ("Second Earn-in") by solely funding all the required work up to a decision to commence commercial development of a mine, taking FQM's ownership in the Properties to 70%. Post the completion of the Second Earn-in, Luminex would be responsible for funding its 30% share of any capital required to develop and construct a mine at the Properties.

FQM and Lumina also entered into a services agreement (the "Services Agreement") whereby Lumina would act as the manager of the works programs to be conducted under direction of FQM. The Services Agreement was assigned to Luminex pursuant to the Arrangement. As manager, Luminex is entitled to charge an overhead and recovery fee of 10% of the expenditures incurred on the Properties, which costs will count towards FQM's total expenditures under the First Earn-in. \$34,985 in overhead and recovery fees related to the Services Agreement has been included in "interest income and other" on the consolidated statement of comprehensive loss (see Note 17).

Annual expenditures / Acquisition cost and carrying value:

To maintain its mineral concessions Luminex is required to meet certain spending requirements as communicated to the Government of Ecuador.

Further details are provided in Note 18.

(b) Investment in Pegasus

Anglo American plc ("Anglo American") Earn-in Agreement:

Effective September 21, 2018, Luminex signed a formal earn-in and joint venture agreement with Anglo American ("the "Anglo Agreement") relating to the Pegasus Project that was transferred to Luminex as part of the Arrangement. Under the terms of the Anglo Agreement, Lumina received a fee of \$1.3 million, a recovery fee for certain legal costs of \$10,436 and \$286,976 relating to reimbursement of costs incurred by Lumina on the Pegasus Project prior to signing the Anglo Agreement and transfer of Pegasus to Luminex pursuant to the Arrangement.

Under the Anglo Agreement, Luminex holds 30 Class A common shares in Central Ecuador Holdings Ltd. ("Central") and Anglo American holds 70 Class B common shares in Central. Central is the vehicle through which Anglo American will earn its interest in the Pegasus Project and which will, ultimately, should all spending commitments be met, form the joint venture company to operate the Pegasus Project. Anglo American has the following spending commitments pursuant to the Anglo Agreement:

- (i) In order to earn a 25% interest in the Pegasus Project, Anglo American is required to make option payments to Luminex totaling \$1.1 million by September 21, 2021 (such payments to be made in installments of (i) \$300,000 by September 21, 2019; (ii) \$300,000 by September 21, 2020; and (iii) \$500,000 by September 21, 2021) and spend at least \$10 million in exploration expenditures by September 21, 2022 of which at least \$2.2 million must be funded prior to September 21, 2019 (the "Initial Contribution"). Should Anglo American fail to complete the Initial Contribution its shares in Central will be cancelled and returned to treasury and the Pegasus Project will revert to being 100% owned by Luminex;

LUMINEX RESOURCES CORP.

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(expressed in U.S. dollars)

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(b) Investment in Pegasus (continued)

- (ii) Anglo American can earn an additional 26% interest in the Pegasus Project (for a total of 51%) by making payments to Luminex totaling \$2.4 million by September 21, 2023 (with \$1,000,000 due by September 21, 2022 and \$1,400,000 by September 21, 2023) and funding exploration expenditures of \$25 million no later than September 21, 2024 (the "First Option");
- (iii) Following completion of the First Option, Anglo American can earn an additional 9% interest in the Pegasus Project (for total of 60%) by making a payment to Luminex of \$2.5 million by September 21, 2024 and funding exploration expenditures of \$15 million by September 21, 2025 (the "Second Option"); and
- (iv) Anglo American can earn an additional 10% interest in the Pegasus Project following completion of the Second Option if it solely funds all the required work up to a decision to construct a mine at the Pegasus Project, for a total retained interest of 70%.

Should Anglo American determine to only earn an interest up to the Initial Contribution, First Option or Second Option, the number of Class B common shares held by Anglo will be adjusted in accordance with the Anglo Agreement to result in their ownership level being retained at 25%, 51% or 60% respectively.

As noted above in Note 6(a), Luminex acquired a Mineral Concession Right on the Pegasus Project by way of payment of \$2,200,000 to Lumina prior to the Arrangement. In accordance with the Anglo Agreement, Luminex has treated this Mineral Concession Right as its initial contribution in the Pegasus Project to Central Ecuador EC-CT S.A. ("Central Ecuador"), a wholly-owned Ecuadorean subsidiary of Central.

In accordance with the terms of the Anglo Agreement, Anglo American will control and manage Central and Central Ecuador and all expenditures and operations related to the Pegasus Project. Should Anglo American withdraw from the Anglo Agreement or fail to make its Initial Contribution commitment it will cause all its appointed directors to resign from Central and Central Ecuador.

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6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(c) Exploration and evaluation expenditures

The Group's exploration and evaluation expenditures on its projects are as follows:

| | Three months ended March 31, 2019 | | | | | | | | | |
|---|-----------------------------------|---------------------|-------------------|--------------------------|-------------------|------------------------|-------------------|-------------------|-------------------|----------------------|
| | Cascas ⁽³⁾ | Condor | La Canela | Orquideas ⁽³⁾ | Palma Real | Pegasus ⁽³⁾ | Quimi | Tarqui | Tres Picachos | TOTAL |
| Mineral rights | \$ - | \$ 86,206 | \$ 31,392 | \$ - | \$ - | \$ - | \$ 26,910 | \$ 47,447 | \$ 47,556 | \$ 239,511 |
| Legal fees | - | 485 | 1,887 | - | 3,638 | - | - | - | 1,886 | 7,896 |
| Assays / Sampling | - | 27,920 | 3,380 | - | - | - | 3,155 | - | 1,601 | 36,056 |
| Camp | - | 163,940 | 657 | - | - | - | 11,419 | 9,962 | 975 | 186,953 |
| Camp access and improvements | - | 11,059 | - | - | - | - | - | - | - | 11,059 |
| Environmental, Health & Safety | - | 25,987 | 784 | - | 5,536 | - | 5,024 | 3,615 | 784 | 41,730 |
| Field office | - | 68,595 | 1,477 | - | 221 | - | 2,690 | 683 | 592 | 74,258 |
| Geological consulting | - | 89,436 | 36,325 | - | - | - | 43,167 | 30,815 | 17,050 | 216,793 |
| Geological and field staff | - | 43,929 | - | - | - | - | 11,537 | 10,930 | - | 66,396 |
| Project management ⁽¹⁾ | - | 50,106 | 1,578 | - | 398 | 2,640 | 2,019 | 6,689 | 1,466 | 64,896 |
| Social and community ⁽¹⁾ | - | 10,136 | 167 | - | 227 | - | 16,581 | 21,374 | 278 | 48,763 |
| Transportation and accommodation | - | 56,130 | 4,904 | - | 168 | - | 14,135 | 9,103 | 2,330 | 86,770 |
| Costs incurred during the period | \$ - | \$ 633,929 | \$ 82,551 | \$ - | \$ 10,188 | \$ 2,640 | \$ 136,637 | \$ 140,618 | \$ 74,518 | \$ 1,081,081 |
| Cumulative E&E incurred by Lumina to August 31, 2018 ⁽²⁾ | \$ 247,281 | \$ 5,080,081 | \$ 175,936 | \$ 1,344,244 | \$ 600,096 | \$ 2,436,866 | \$ 132,765 | \$ 412,985 | \$ 294,458 | \$ 10,724,712 |
| Cumulative E&E incurred by Luminex, beginning of period | 6,761 | 1,703,999 | 42,558 | - | 17,909 | 11,903 | 125,363 | 319,718 | 105,172 | 2,333,383 |
| E&E incurred during the period | - | 633,929 | 82,551 | - | 10,188 | 2,640 | 136,637 | 140,618 | 74,518 | 1,081,081 |
| Cumulative E&E incurred, end of period | \$ 254,042 | \$ 7,418,009 | \$ 301,045 | \$ 1,344,244 | \$ 628,193 | \$ 2,451,409 | \$ 394,765 | \$ 873,321 | \$ 474,148 | \$ 14,139,176 |

⁽¹⁾ Project management and social and community costs include payments made to key management personnel (see Note 16).

⁽²⁾ Costs for the Condor Project incurred since November 1, 2016. Costs for all other projects presented are on a cumulative basis since the date of initial award of the concessions to Lumina in 2016 or 2017. Costs are amounts incurred by Lumina either during the period prior to the transfer of the projects to Luminex or that were incurred by legal entities owned by Lumina that were not transferred to Luminex and are shown prior to any reimbursements to Lumina pursuant to the First Quantum or Anglo American Earn-In Agreements. Presented to illustrate total spend incurred on the projects in order to meet Ecuadorean spending commitments (see Note 18).

⁽³⁾ Costs shown do not include expenditures incurred by First Quantum or Anglo American pursuant to their Earn-In Agreements.

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7. NON-CONTROLLING INTEREST (“NCI”)

The following table summarizes information related to the Group’s non-controlling interest which has a 10% interest in Condormining Corporation S.A. (see Note 16).

| | March 31, 2019 | December 31, 2018 |
|--|---------------------|---------------------|
| Current assets | \$ 54,600 | \$ 230,528 |
| Non-current assets | 26,625,224 | 26,634,241 |
| Current liabilities | (137,728) | (120,201) |
| Net assets | 26,542,096 | 26,744,568 |
| NCI percentage | 10% | 10% |
| Net assets of individual entities attributable to the NCI | 2,654,210 | 2,674,457 |
| Adjustments on consolidation of individual entities subject to NCI | (197,704) | (164,719) |
| Net assets attributable to the NCI | \$ 2,456,506 | \$ 2,509,738 |

| | Three months ended March 31, 2019 | Period from incorporation on March 16, 2018 to March 31, 2018 |
|--|--------------------------------------|--|
| Net loss and comprehensive loss | \$ 532,320 | \$ - |
| NCI percentage | 10% | - |
| Net loss and comprehensive loss attributable to NCI | \$ 53,232 | \$ - |

The entities subject to a NCI incurred the following cash expenditures during the three months ended March 31, 2019: (i) \$528,914 on operating activities (period from incorporation on March 16, 2018 to March 31, 2018 - \$Nil); and (ii) \$Nil on investing activities (period from incorporation on March 16, 2018 to March 31, 2018 - \$Nil).

8. SHARE CAPITAL

Authorized: Unlimited common shares, without par value.

| Issued and fully paid: | Number of Common Shares | Amount |
|---|----------------------------|---------------|
| Balance, March 16 and March 31, 2018 (a) | 100 | \$ 1,900 |
| Balance, December 31, 2018 and March 31, 2019 | 41,096,558 | \$ 53,576,655 |

(a) On March 16, 2018, 100 common shares were issued on incorporation of the Company for proceeds of \$1,900.

9. SHARE-BASED PAYMENTS**(a) Stock option plan**

The Company has a stock option plan (the “Plan”) whereby the Company may grant options to directors, officers, employees and consultants of the Company. The maximum number of common shares that may be reserved for issuance under the Plan is limited to 4,000,000. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a non-diluted basis or 2% if the optionee is engaged in investor relations activities or is a consultant. Options are exercisable over periods of up to ten years as determined by the Board and are required to have an exercise price no less than the closing market price of the Company’s common shares prevailing on the day that the option is granted. The Plan contains no vesting requirements but permits the Board to specify a vesting schedule in its discretion.

No stock options were granted during the three months ended March 31, 2019 or period from incorporation on March 16, 2018 to March 31, 2018.

Pursuant to the Company’s accounting policy for share-based payments, the fair value of options vesting during the three months ended March 31, 2019, in the amount of \$68,034 has been recorded in the consolidated statement of comprehensive loss under fees, salaries and other employee benefits (Note 10).

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9. SHARE-BASED PAYMENTS (continued)

(b) Outstanding stock options

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

| | Three months ended March 31, 2019 | | Period from incorporation on March 16, 2018 to March 31, 2018 | |
|---|--------------------------------------|--|---|--|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Outstanding, beginning and end of period | 2,782,723 | C\$ 0.63 | - | C\$ - |

At March 31, 2019, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

| Options Outstanding | | | | Options Exercisable | |
|----------------------|--------------------|-------------------------------------|-------------------|----------------------|-------------------|
| Number of Options | Expiry Date | Weighted average life (years) | Exercise Price | Number of Options | Exercise Price |
| 555,000 | September 12, 2019 | 0.55 | C\$0.50 | 555,000 | C\$0.50 |
| 206,250 | December 4, 2020 | 1.68 | C\$0.25 | 206,250 | C\$0.25 |
| 168,223 | April 20, 2021 | 2.05 | C\$0.38 | 168,223 | C\$0.38 |
| 272,250 | December 30, 2021 | 2.75 | C\$0.65 | 272,250 | C\$0.65 |
| 75,000 | March 6, 2022 | 2.93 | C\$0.73 | 75,000 | C\$0.73 |
| 306,000 | December 7, 2022 | 3.69 | C\$0.54 | 201,500 | C\$0.54 |
| 1,200,000 | October 5, 2023 | 4.51 | C\$0.80 | 387,500 | C\$0.80 |
| 2,782,723 | | 3.04 | C\$0.63 | 1,865,723 | C\$0.56 |

10. FEES, SALARIES AND OTHER EMPLOYEE BENEFITS

| | Three months ended March 31, 2019 | | Period from incorporation on March 16, 2018 to March 31, 2018 | |
|--|--------------------------------------|---------|--|---|
| Fees and salaries | \$ | 166,534 | \$ | - |
| Share-based payments (Note 9(a)) | | 68,034 | | - |
| Fees, salaries and other employee benefits | \$ | 234,568 | \$ | - |

11. LOSS PER SHARE

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

| | Three months ended March 31, 2019 | | Period from incorporation on March 16, 2018 to March 31, 2018 | |
|---|--------------------------------------|------------|--|-----|
| Net loss attributed to owners of the Company | \$ | 1,190,705 | \$ | - |
| Weighted average number of common shares outstanding (basic and diluted) | | 41,096,558 | | 100 |
| Loss per share – basic and diluted | \$ | 0.03 | \$ | - |

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

All of the stock options currently issued (see Note 9) were anti-dilutive for the three months ended March 31, 2019.

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12. CAPITAL RISK MANAGEMENT

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

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

The Company considers its equity, which includes common shares, share-based payment reserve and accumulated deficit as capital. The Company intends to spend existing working capital by carrying out its planned acquisition, exploration and development activities on mineral properties and continuing to pay administrative costs.

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

13. FINANCIAL INSTRUMENTS**(a) Categories of financial assets and financial liabilities**

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

| | Note | Category | March 31, 2019 | December 31, 2018 |
|--|------|----------------|----------------|-------------------|
| Cash | 3 | Amortized cost | \$ 2,200,367 | \$ 3,384,161 |
| Receivables | 4 | Amortized cost | 144,573 | 20,920 |
| Environmental deposit | | Amortized cost | 170,002 | 168,444 |
| Accounts payable and accrued liabilities | | Amortized cost | 725,408 | 595,710 |

The recorded amounts for cash, receivables, environmental deposit and accounts payable and accrued liabilities approximate their fair value due to the short-term maturities of these instruments and/or the market interest rate being earned or charged thereon. Income earned on the Group's cash and cash equivalents has been disclosed in the consolidated statements of comprehensive loss under the caption "interest income and other."

(b) Fair Value Measurements

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

14. FINANCIAL INSTRUMENT RISKS

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

(a) Credit Risk

The Group considers that its cash, receivables and environmental deposit are exposed to credit risk, representing maximum exposure of \$2,514,942 (December 31, 2018 - \$3,573,525). Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk on its cash is minimized by maintaining these assets with high-credit quality financial institutions. At March 31, 2019, the Group's cash was held at three financial institutions (December 31, 2018 – three financial institutions).

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14. FINANCIAL INSTRUMENT RISKS (continued)**(b) Liquidity Risk**

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

At March 31, 2019, the Group's current liabilities consisted of trade and other payables of \$725,408 which are due primarily within three months from the period end. The Group's cash of \$2,200,367 at March 31, 2019, was sufficient to pay for the current liabilities.

(c) Market Risks

The significant market risk exposures to which the Group is exposed are interest rate risk, currency risk and price risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows and fair values of the Group will fluctuate because of changes in market interest rates. Based on the Group's cash as at March 31, 2019, and assuming that all other variables remained constant, a 1% increase or decrease in interest rates would result in an increase or decrease of approximately \$22,000 in the Group's interest income on an annual basis.

Currency Risk

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

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

The table below shows the impact that a 1% fluctuation in foreign currency rates compared to the U.S. dollar would have on the Group's consolidated loss, comprehensive loss and equity based upon the assets held at March 31, 2019.

| Financial Instrument Type | U.S. Dollar | Currency | +/- 1% Fluctuation | |
|--|-------------|------------|-----------------------|-------|
| Cash | \$ 38,712 | CAD dollar | \$ 387 | (387) |
| Accounts payable and accrued liabilities | (48,095) | CAD dollar | (481) | 481 |
| Total | \$ (9,383) | | \$ (94) | 94 |

Other Price Risk

The Group did not hold any financial instruments that had direct exposure to other price risks at March 31, 2019.

15. SEGMENTED DISCLOSURE

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

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16. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS
Information about subsidiaries

The consolidated financial statements include the following subsidiaries:

| | Country of Incorporation | % Equity interest at | |
|---|--------------------------|----------------------|-------------------|
| | | March 31, 2019 | December 31, 2018 |
| Ecuador Gold Holdings Ltd. | Canada | 100 | 100 |
| Proyectmin Holdings Ltd. | Canada | 100 | 100 |
| Southern Ecuador Holdings Ltd. | Canada | 100 | 100 |
| Central Ecuador Holdings Ltd. | Canada | 30 ⁽¹⁾ | 30 ⁽¹⁾ |
| EMH S.A. | Ecuador | 100 | 100 |
| Condomining Corporation S.A. | Ecuador | 90 | 90 |
| Corporacion FJTX Exploration S.A. | Ecuador | 100 | 100 |
| Bestminers S.A. | Ecuador | 90 | 90 |
| Condormine S.A. | Ecuador | 90.1 | 90.1 |
| Proyectmin S.A. | Ecuador | 100 | 100 |
| Luminex Services Ecuador LS-EC S.A. ("Luminex Services") | Ecuador | 100 | 100 |
| Southern Ecuador SN-EC S.A. | Ecuador | 100 | 100 |
| Central Ecuador EC-CT S.A. | Ecuador | 30 ⁽¹⁾ | 30 ⁽¹⁾ |

⁽¹⁾ See Note 6(b) for details around the equity interest held by Anglo American pursuant to the Anglo Agreement.

Related party expenses and balances

The Group incurred the following expenses with related parties:

| Company | Nature of transactions | Three months ended | Period from incorporation |
|--------------------------------|----------------------------|--------------------|--|
| | | March 31, 2019 | on March 16, 2018 to March 31, 2018 |
| Miedzi Copper Corp. ("Miedzi") | E&E (geological) | \$ 7,549 | \$ - |
| Miedzi | G&A | 14,103 | - |
| Miedzi | Fees | 59,091 | - |
| Hathaway Consulting Ltd. | Fees | 19,425 | - |
| Koval Management Inc. | Fees | 32,553 | - |
| La Mar Consulting Inc. | E&E (social and community) | 16,893 | - |
| Lyle E Braaten Law Corp. | Fees | 15,507 | - |
| | | \$ 165,121 | \$ - |

Miedzi is considered a company related by way of directors and shareholders in common. Hathaway Consulting Ltd., Koval Management Inc., La Mar Consulting Inc. and Lyle E Braaten Law Corp. are related by way of being owned by directors or officers of the Company. Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are unsecured and settlement occurs in cash. At March 31, 2019, the following amounts were included in accounts payable: (i) \$7,272 owing to Hathaway Consulting Ltd.; (ii) \$7,686 owing to La Mar Consulting Inc.; and (iii) \$29,802 owing to Miedzi. At December 31, 2018, there were no amounts owing to related parties. Included in accounts receivable is \$11,960 (December 31, 2018 - \$3,651) due from Odin Mining del Ecuador S.A. ("Odin"), a subsidiary of Lumina, relating to Luminex Services providing personnel services to Odin whereby personnel time is recharged based on time worked and at a rate of cost plus 6%. These services are recorded the Company's financial statements as a reduction of cost associated to E&E expenditures. The total amount recharged to Odin for the three months ended March 31, 2019 was \$79,662.

Key management personnel compensation

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

| | Three months ended | Period from March 16, 2018 |
|---------------------------|--------------------|----------------------------|
| | March 31, 2019 | to March 31, 2018 |
| Short-term benefits (i) | \$ 165,821 | \$ - |
| Share-based payments (ii) | - | - |
| Total remuneration | \$ 165,821 | \$ - |

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

(ii) Share-based payments are the fair value of options granted (vested and unvested) to key management personnel as at the grant date.

(iii) Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the periods ended March 31, 2019 and 2018.

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17. INTEREST INCOME AND OTHER

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

| | Three months ended March 31, 2019 | Period from incorporation on March 16, 2018 to March 31, 2018 |
|--|--------------------------------------|--|
| FQM Earn-in payment (Note 6(a)) | \$ 150,000 | \$ - |
| FQM Services Agreement fee (Note 6(a)) | 34,985 | - |
| Interest - bank / environmental deposits | 11,073 | - |
| | \$ 196,058 | \$ - |

18. COMMITMENTS AND CONTINGENT LIABILITY*Commitments*

As at March 31, 2019, the Group has entered into agreements that are not recognized as ROU assets and that include rental agreements, infrastructure improvements and contracted studies that require minimum payments in the aggregate as follows:

| | |
|-----------------|-----------|
| Within one year | \$ 18,000 |
|-----------------|-----------|

In addition, the Group is obligated to fulfil certain investment obligations on its mineral concessions in Ecuador pursuant to the following rules:

- (a) New concessions granted pursuant to the Public Tender (see Note 6(a)) require minimum expenditures per year (commencing on the registration date of the concession with the Government of Ecuador) of \$5 per hectare for each of Years 1 and 2 and \$10 per hectare for each of Years 3 and 4. This spending commitment is required to be applied by the Government of Ecuador in situations where a company seeks to reduce the area that was obtained under the tender process.
- (b) Applications for new concessions via Public Tender in Ecuador, require that an investment offer be presented for each concession. The investment offer represents the total amount that is required to be spent in order to maintain possession of the concession area at the end of the four-year investment period required by the Government of Ecuador. Current interpretations of the law in Ecuador are that all costs related to the project (direct and indirect and incurred in Ecuador or overseas) are able to be utilized against the four-year commitment. Should a concession holder resign from a concession prior to the end of the 4-year anniversary, the concession is relinquished without requiring the 4-year spend total be reached.
- (c) Concessions in Ecuador require the Group to submit an annual expenditure plan to the Government of Ecuador outlining the minimum amount of committed expenditures for the upcoming year. Should a company resign from a concession area during the following year, there is no minimum commitment applicable except that the company shall pay for the portion of annual concession fees to the date that the relinquishment is completed.

Accordingly, should the Group wish to retain possession of all the concession areas it holds, excluding the Pegasus Project which is being managed by Anglo American and the Cascas and Orquideas projects which are subject to earn-in by FQM, as at March 31, 2019, the Group's commitment is as follows:

| | |
|--|---------------------|
| Year ended December 31, 2019 | \$ 382,000 |
| By dates ranging from February 17, 2021 – June 9, 2021 (the 4-year anniversary dates of concessions granted) | 9,619,000 |
| Less expenditures incurred to December 31, 2018 | (1,774,000) |
| | \$ 8,227,000 |

Amounts in the table above have not been adjusted for expenditures in the three months ended March 31, 2019. As disclosed in Note 6(c), the Group has incurred E&E expenditures of approximately \$1.1 million on its various projects during the three months ended March 31, 2019.

Contingent liability

Luminex has entered into an agency agreement with Miedzi to facilitate transactions between the entities and provide clarity around ongoing G&A costs in case of withdrawal from the agency agreement, including provisions for rent of premises and personnel costs. At March 31, 2019, and assuming withdrawal from the agency agreement at that date, Luminex's obligation to Miedzi would be approximately \$456,000.

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19. POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of the consolidated financial statements except that on March 18, 2019, the Company entered into a non-binding letter of intent for an earn-in and joint venture agreement with a wholly-owned subsidiary of BHP Group plc ("BHP") on the Tarqui 1 and 2 mining concessions. BHP will have the right to earn up to a 70% ownership interest in the Tarqui concessions by investing an aggregate amount up to \$75 million and making up to \$7 million of cash payments to the Company. Negotiation of a definitive agreement is ongoing.