

# Lumina Gold Corp

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## Decline in major gold discoveries over the last decade as explorers focus on known deposits

S&P Global Market Intelligence's annual analysis of major gold discoveries has revealed that none have been made in the last three years.

Only 25 deposits have been discovered over the past decade, containing only 154.3 million ounces (or 7%) of all gold contained in discoveries since 1990.

According to the report, the severe lack of new major discoveries over the past decade is a result of companies focusing on advanced-stage assets and known deposits, rather than searching for new discoveries.

The share of gold exploration budgets devoted to grassroots exploration has fallen by half since the 1990s with both pure explorers and producers have shifted their spending.

Juniors have increasingly focused on expanding known deposits, while producers have increasingly focused on exploration at existing operations.

### Known deposits and mineralisation

In 2019, none of the four initial gold resource announcements made was actually discovered in the last few years.

The Gran Bestia announcement of 4.2 million ounces made by Lumina Gold Corp (CVE:LUM) is a new zone at the Cangrejos deposit in Ecuador, which was discovered in 1999.

The 4-million-ounce Chulbatkan deposit announced by N-Mining Limited was discovered in 1980, although this was the first resource for the project.

Nelligan's initial resource of 3.2 million ounces announced in 2016 is the group's most recent discovery, while the 2.5 million ounces Estelle deposit was first drilled in 1988.

**Price:** 0.88

**Market Cap:** \$291.52 m

### 1 Year Share Price Graph



### Share Information

**Code:** LUM

**Listing:** TSX-V

**52 week High Low**  
0.97 0.46

**Sector:** Gold & silver

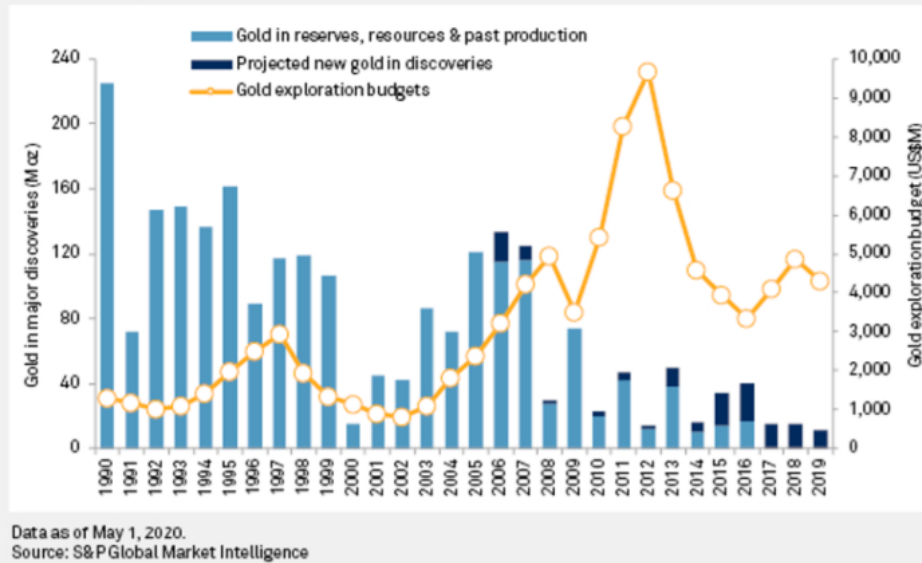
**Website:** luminagold.com

### Company Synopsis:

*Lumina Gold Corp (TSXV: LUM) is a Vancouver, Canada based precious and base metals exploration and development company focused on its Cangrejos Gold-Copper project, located in El Oro Province, southwest Ecuador. The Company has an experienced management team with a successful track record of advancing and monetizing exploration projects.*

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### No major gold discoveries in past 3 years



### African and Latin American hot spots

The 10 countries in Africa and Latin America with discoveries over the past decade account for two-thirds, or 102.3 million ounces, of the 154.3 million ounces discovered.

S&P's report observed there was relatively little gold in recent discoveries in Canada and the US, which host only 17% of gold discovered in the last decade compared to Africa and Latin America, which discovered 37% and 29% of gold respectively.

Ecuador is one of the up-and-coming countries for exploration, hosting the most gold discovered in the 2010-19 period, despite having only one discovery - SolGold plc (LON:SOLG) Cascabel copper-gold deposit.

The US and Australia host the most gold in discoveries prior to 2010, accounting for 14% and 10%, respectively, of the annual totals but since 2010 each has had only one major discovery with the US hosting 10% and Australia just 4% of the gold discovered in the past 10 years.

### 70% of gold hosted in largest assets

Of the 154.3 million ounces contained in the 25 discoveries made over the past 10 years, 70% is contained in the 10 largest deposits.

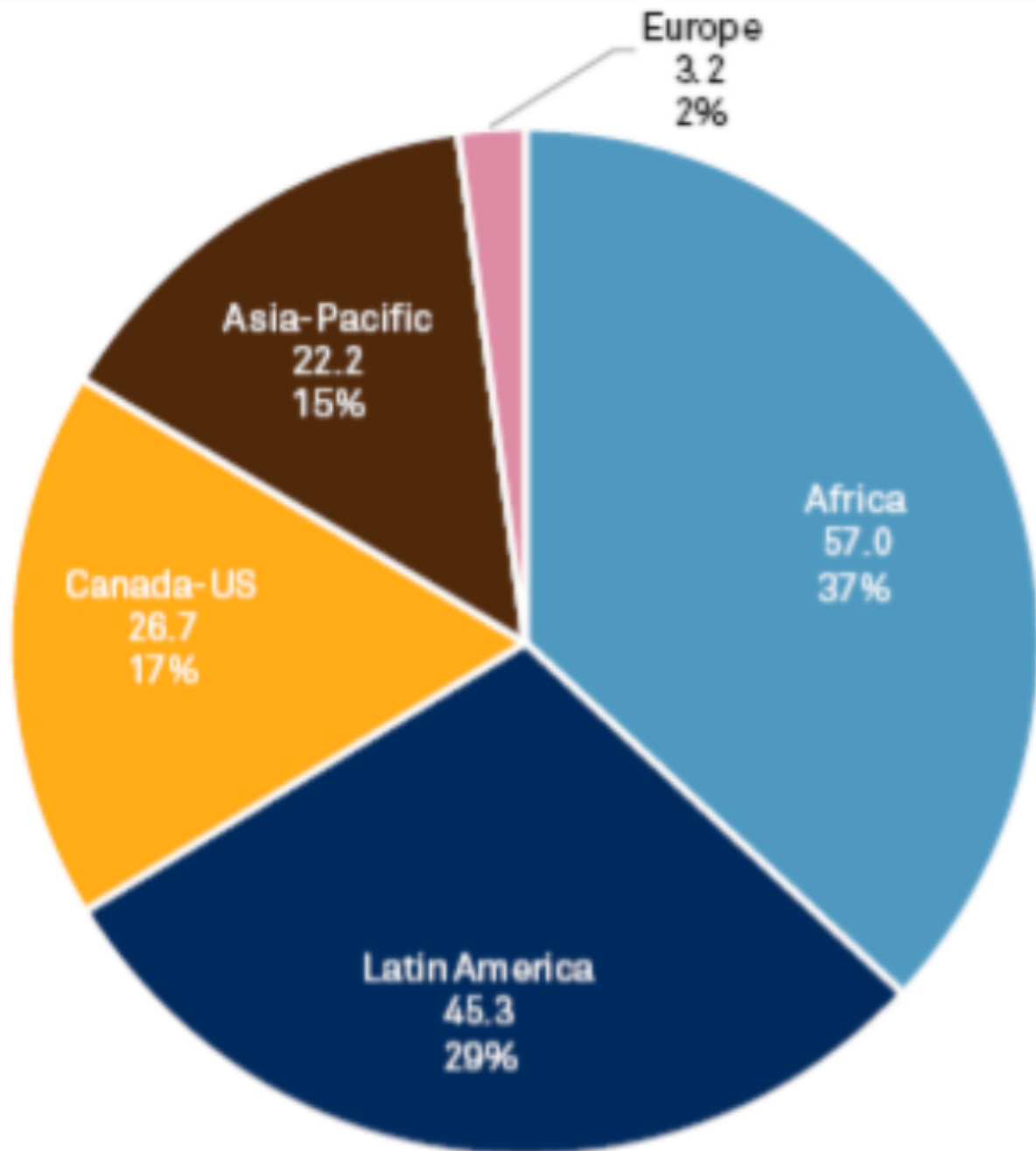
The biggest is SolGold's Cascabel copper-gold deposit found in 2013, which forecasts annual production of 150,000 tonnes of copper and 245,000 ounces of gold.

Zhaojin Mining Industry Company Limited's (HKG:1818) Haiyu gold project in China's Shandong province is the second-largest discovery, found in 2011 and hosting almost 16.4 million ounces in reserves and resources.

Barrick Gold Corp's (NYSE:GOLD) Goldrush discovery in Nevada, also found in 2011, is third with 14.9 million ounces in reserves and resources.

## Africa and Latin America most prolific regions since 2010

(Total: 154.3 million ounces)



Data as of May 1, 2020.

Source: S&P Global Market Intelligence

## Replacing ageing gold mines

While there are still plenty of gold assets to be developed, the lack of new major deposits being discovered means that the project pipeline is increasingly short of large, high-quality assets needed to replace ageing major gold mines.

The report identified 278 deposits discovered over the 1990-2019 period containing 2.19 billion ounces of gold in reserves and resources but 135 of these are not yet in production.

Only 30 have over 10 million ounces of gold in reserves and resources and only nine of these assets have a grade of 1 g/t or greater.

Some of the assets will likely enter production over the next few years, such as Barrick's Goldrush and Zijin Mining Group's (HKG:2899) Buritica.

Some, like Rosia Montana in Romania, face significant challenges and might never be developed, and others, like NovaGold Resources Inc's (NYSEAMERICAN:NG) Donlin in Alaska, have a potentially long road to production.

And with production from existing mines expected to begin decreasing in 2022, there is a need for more high-quality assets that can be developed in the medium term.

## Future trends

S&P's report states that additional grassroots exploration is needed to ensure the pipeline has enough quality assets required to replace ageing mines.

The industry has trended away from this generative exploration over the last few decades, and the trend is not expected to reverse in the near term.

S&P expects the opposite in 2020, as COVID-19 impacts exploration plans by companies of all sizes.

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