# ECO ORO MINERALS CORP.

# MANAGEMENT'S DISCUSSION AND ANALYSIS
# FOR THE THREE MONTHS ENDED MARCH 31, 2012

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## 1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Eco Oro Minerals Corp. (the "Company" or "Eco Oro") dated May 11, 2012 provides an analysis of Eco Oro's results of operations and financial condition for the three months ended March 31, 2012. This MD&A should be read in conjunction with the Company's most recent annual consolidated financial statements and its unaudited condensed consolidated interim financial statements for the three months ended March 31, 2012, all of which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except for per share and per ounce amounts and unless otherwise noted, all amounts in this MD&A are expressed in thousands of United States dollars ("US") and certain amounts have been rounded to the nearest millionth. Canadian dollars and Colombian pesos are expressed in thousands and are referred to as "Cdn$" and "COP," respectively.

## 2. DESCRIPTION OF BUSINESS

The Company is a precious metals exploration and development company currently engaged in developing its wholly-owned, multi-million ounce Angostura gold-silver deposit (the "Angostura Project") in north-eastern Colombia. The Company's head office is located in Vancouver, British Columbia, Canada and its exploration and administrative offices in Colombia are located in the cities of Bucaramanga and Bogota. The Company is a reporting issuer in British Columbia, Alberta, Ontario and Nova Scotia. Its shares trade on the Toronto Stock Exchange ("TSX") under the symbol "EOM".

## 3. BUSINESS STRATEGY

The Company's current objective is to maximize long-term value for its shareholders by advancing its principal project, the Angostura Project, to a feasibility level. To deliver on this objective, the Company focuses on the following strategic priorities for the Angostura Project:

- Effectively pursue infill drilling program to increase underground resources and improve mineral resource classification.
- Complete feasibility studies for the underground project.
- Engage government and local authorities on project configuration to assure development occurs in a unified manner that is socially and environmentally responsible.
- Provide flexibility in project configuration for consolidation of mineral resource assets including the satellite deposits of Armenia, La Plata, Violetal and Móngora.
- Provide flexibility in project configuration for potential regional consolidation of mining in area of operations.
- Develop human and capital capacity in the area of operations for construction and operating phases of the project.

The Company is committed to developing the Angostura Project in a socially and environmentally responsible manner that will be beneficial for all stakeholders including; shareholders, local and regional stakeholders, as well as Colombians as a whole.

The Company follows a sustainable social responsibility ("SSR") model that seeks to provide human and capital capacity within the Company's area of operations. The SSR model includes:

- Support activities that are often outsourced to small business concerns in the area of operations.
- Small business initiatives established to support business in the area of operations.
- Social investment initiatives managed through a foundation, which provides support to local and regional communities in the area of operations.

## 4. PROJECT REVIEW

### Angostura Project

#### *Angostura and Móngora Deposits*

The Company's current efforts are focused on the Angostura Project in the Department of Santander in north-eastern Colombia, where the Company holds interests in certain concessions, exploration licenses and exploitation permits. The Angostura Project consists of the main Angostura deposit and four key satellite prospects: Móngora, La Plata, Armenia and Violetal. Including the Angostura Project, the Company has concessions, exploration licenses and exploitation permit areas covering an aggregate of approximately 30,000 hectares in the Departments of Santander and Norte de Santander, Colombia.

The Angostura Project's principal mining title is concession contract number 3452, which was created by the consolidation of 11 previously existing titles and three area requests. This concession comprises an area of 5,244.9 hectares and contains both the Angostura and Móngora deposits. This concession expires in 2027 and is divided into phases. It is currently in the 5th year of the exploration phase, which expires on August 8, 2012, but is eligible for three additional extensions of two years each. On May 4, 2012, the Company applied to the National Mining Agency ("ANM") for a two-year extension to the exploration phase. The ANM has three months as of May 4, 2012 to issue a response on the application, failing which it will be deemed to be tacitly approved. This concession may be renewed for an additional 30 years beyond its 2027 expiry date.

Exploitation licenses 101-68 and 127-68, comprising an area of 5.7 hectares and 3.5 hectares, respectively, are fractional areas wholly contained within the outermost boundaries of concession contract 3452 and contain a small part of the Angostura deposit. Those exploitation licenses, which were originally set to expire in 2010, have been converted into concession contracts with

20-year terms.

In 2009, the Company filed on SEDAR (www.sedar.com) a National Instrument 43-101 technical report entitled "Angostura Gold Project, Preliminary Feasibility Study" completed by GRD Minproc Limited and GRD Minproc Ingeniería y Construcción Ltda (the "GRD MinProc Preliminary Feasibility Study") for the development of an open pit gold-silver mine at the Angostura Project. That year, the Company submitted an application to Servicio Geológico Colombiano ("SGC") (formerly Ingeominas), a division in the Ministry of Mines and Energy, for a work and investment plan (Plan de Trabajos y Obras or "PTO") for the development of an open pit mine based on the GRD MinProc Preliminary Feasibility Study. The PTO was to be the operating plan for the Angostura Project, which was required to be approved by SGC in a process parallel to the environmental permitting process. Also in 2009, the Company filed an environmental impact assessment ("EIA") with the Ministry of Environment, Housing and Territorial Development (Ministerio de Ambiente, Vivienda y Desarrollo Territorial or "MAVDT") to initiate the environmental permitting process for the development of an open pit mine at the Angostura Project. The EIA, which was based on the GRD MinProc Preliminary Feasibility Study, covered all environmental and social aspects of the proposed development.

In March 2011, the Company filed requests with MAVDT and SGC to desist from the administrative procedures of the environmental licensing and evaluation and approval of the PTO. The Company also decided not to proceed with finalization and implementation of the feasibility study for the development of an open pit mine at the Angostura Project as configured in the GRD MinProc Preliminary Feasibility Study. The Company considered that the regional and national governments and the community of Bucaramanga did not fully support the development of the Angostura Project as configured in the GRD MinProc Preliminary Feasibility Study and decided to study the viability of alternative options for the Angostura Project that addressed the governments' and the community's concerns. Subsequently, SGC notified the Company of writ No. 27, 2011, by means of which the administrative authority determined that a request to approve a PTO may not be withdrawn. SGC therefore completed their evaluation of the PTO and issued a report citing technical reasons for rejection of the PTO. Subsequently, the Ministry of Environment and Sustainable Development, which assumed environmental matters for which MAVDT previously had responsibility, approved Resolution 1015, 2011 by means of which the administrative authority decided not to desist from the environmental licensing procedure and denied the environmental license for the development of an open pit mine at the Angostura Project as configured in the GRD MinProc Preliminary Feasibility Study, citing substantive grounds for this decision. The Company filed before the Ministry of Environment and Sustainable Development a motion to reconsider some of the grounds for this decision. This motion to reconsider was decided by means of Resolution 035, 2011 and was only partly successful. Although any future decision on an underground operation at the Angostura Project will be the subject of a new entirely separate process, Resolutions 1015 and 035 will likely be considered by the Ministry of Environment and Sustainable Development in connection with any future decisions with respect to the Angostura Project. The legally binding decision expressed in Resolution 1015 was accompanied by certain broad comments made by the issuing authority regarding its views of the extent of the ecosystem to be protected. The Ministry of Environment and Sustainable Development's comments in this respect will be considered in relation to any future applications by the Company for approvals. Resolutions 1015 and 035 could have an adverse effect on any such application.

On April 29, 2011, the Company filed on SEDAR (www.sedar.com) a National Instrument 43-101 technical report dated April 25, 2011 entitled "Mineral Resource Estimate and Preliminary Economic Assessment for Underground Mining, Angostura Gold-Silver Project, Santander, Colombia" completed by NCL Ingenieria y Construcción Limitada (the "NCL Preliminary Economic Assessment") for an underground-only operation at the Angostura Project.

On June 16, 2011, the Colombian Congress enacted Law 1450, 2011, known as the National Development Plan. The National Development Plan forbids mining activities in páramo ecosystems and requires the Colombian Government to determine the boundaries of the páramo ecosystems based on technical, social, environmental and economic criteria. Pursuant to the National Development Plan, the Atlas of Paramos issued by the Von Humboldt Institute (Instituto Alexander Von Humboldt or "IAVH") is the minimum reference for páramo ecosystem while the Government determines the ultimate boundaries. On December 22, 2011, the Ministry of Mines and Energy issued a non-binding opinion to the Regional Autonomous Corporation for the Defense of the Bucaramanga Plateau (Corporación Autónoma Regional para la Defensa de la Meseta de Bucaramanga or "CDMB") regarding the possible declaration of a regional park in the area of the Angostura Project. In the opinion, the Ministry of Mines and Energy noted the importance of the mineral resources found in the area, and specifically, the economic importance of the Angostura deposit and recommended excluding the Angostura deposit from any regional park. In addition, the Ministry of Mines and Energy considered that páramo ecosystem is conformed by three ecosystems: superpáramo, páramo and subpáramo, and that the high Andean forest and the Andean forest (i.e. the ecosystems below subpáramo) should not be considered within the definition of páramo ecosystem. Based on the IAVH Atlas of Paramos, the Angostura deposit is located in the high Andean forest and the Andean forest.

Recently, and in accordance with the National Development Plan, the Ministry of Environment and Sustainable Development, CDMB and IAVH have been visiting and performing technical assessments in Santurban, where the Angostura Project is located, to determine the boundaries of the páramo ecosystem in that area. The Government has announced publicly that the boundary determination may take several months.

On February 23, 2012, the Company disclosed the results of an updated preliminary economic assessment (the "Updated Preliminary Economic Assessment") for an underground operation at the Angostura Project prepared by Golder Associates Inc. ("Golder"), TWP Sudamérica S.A. ("TWP"), Schlumberger Water Services ("Schlumberger") and Knight Piésold Consulting Ltd. ("Knight") based on a technically feasible design that includes development of the higher grade mineral resources and a production plan with preliminary engineering design for process plant options to extract gold and silver. Golder completed the mining studies and TWP completed the process and infrastructure components of the Updated Preliminary Economic Assessment. Golder also developed a preliminary economic evaluation of the project with pre and post-tax cash flow analysis. Schlumberger developed the hydrology and hydrogeological components for the study and Knight was responsible for the tailings dam design. On March 27, the Company filed on SEDAR (www.sedar.com) a National Instrument 43-101 technical report dated March 23, 2012 entitled "Updated Preliminary Economic Assessment on the Angostura Gold-Silver Underground Project, Santander Department, Colombia" completed by Golder, TWP, Schlumberger and Knight in support of the Updated Preliminary Economic Assessment.

In March 2012, the Company announced the completion of its initial mineral resource estimate for Móngora, which was completed by Golder. In April 2012, the Company filed on SEDAR (www.sedar.com) a National Instrument 43-101 technical report dated April 18, 2012 entitled "Resource Estimation of the Móngora Gold-Silver Deposit, Santander Department, Colombia" completed by Golder in support of the Móngora initial mineral resource estimate.

The Company requested the National Authority for Environmental Licensing ("ANLA") to provide the specific terms of reference for the Study of Environmental and Social Impact for an underground operation, which could have required the Company to prepare an Environmental Alternatives Diagnostics ("DAA"). The Company received a request from ANLA for additional information on the terms of reference in which ANLA indicated that the Company is not required to prepare a DAA. In March 2012, the Company received a resolution from ANLA that contained definitive terms of reference for an environmental impact assessment for the Angostura underground project. The terms of reference contains guidelines for the preparation of the environmental and social assessment study that is necessary to apply for an environmental license for the Angostura underground project.

The Company's 2012 exploration plans for the Angostura deposit are as follows:

1. Explore and quantify extensions to the Angostura mineral deposit, both in lateral extent and in depth.

2. Infill drilling program to improve mineral resource categorization for the underground project.

    i. The Company started an infill drilling program in 2011 with the objective of improving the category of the resources inside the veins and to define the continuity of the veins in the core area of the Angostura ore body. A total of 84 additional drill holes were completed through to March 2012, of which 6,659 metres in 21 holes, including geotechnical drilling, were completed in 2012.

ii. The drilling program is designed to evaluate the potential of high grade structures that are targets for underground extraction. Drilling commenced in June 2011, and is continuing into 2012. The new drilling program is designed in stages that reflect priorities in mining sequence as it is now known, with the current focus on the central core of the deposit. As the mining sequence becomes better known, there will be further adjustments to the drilling program. The higher-grade Los Laches and Veta de Barro areas require additional drilling and will be addressed in the future program. Currently five drill machines are focusing on the main core areas and an additional three drill machines are focusing on the underground program.

***La Plata***

In November 2009, the Company entered into a mining title assignment agreement with a private Colombian company to acquire the La Plata property, which is within the Angostura Project area and includes exploitation license 13921, comprising an area of 78.62 hectares. The terms of the assignment agreement included staged payments totalling $1,900 (paid) and the issuance of 160,000 share purchase warrants (issued). During 2011, the license was registered in the name of the Company and the corresponding environmental management plan was assigned to the Company. If the Company develops an economically viable ore body at La Plata, the Company will pay a one-time payment of $7 per ounce of gold for extractable reserves up to a maximum of 750,000 ounces and $0.10 per ounce of extractable reserves of silver. As at March 31, 2012, the Company has incurred direct drilling costs associated with this property totalling approximately $932 and drilled 7,162 meters.

In February 2012, the Company received notice that the vendor was seeking an arbitration pursuant to the arbitration clause contained in the mining title assignment agreement pursuant to which the Company acquired the license. Previously, the Company was summoned by the vendor to a settlement hearing in which the vendor sought to terminate the assignment agreement by mutual consent. The Company believes it has met all of its requirements under the Assignment Agreement and believes it has full title to this license and, therefore, did not consent to the termination. As the parties were also unable to agree on arbitrators at a hearing held for such purpose in March 2012, it is expected that the arbitrators will be designated by a Colombian court within the next few months. The Company has yet to be informed of the vendor's basis for seeking to terminate the assignment agreement and is therefore unable to assess the outcome of the arbitration at this time. The Company will, however, exercise all means to protect its rights under the assignment agreement. Adjustments, if any, to exploration and evaluation assets will only be recorded when an outcome to this dispute is probable and a reliable estimate of the adjustment can be made.

The La Plata property lies within a mineralized belt related to the northeast-southwest trending La Baja Fault, which has given rise to a number of mineralized occurrences where gold and silver mineralization is associated with flexures along the main fault. This mineralization, which has traditionally been mined by local artisanal miners, is now the focus of more modern exploration methods.

Exploration carried out by the Company since 2010 identified vein and stock work mineralization associated with strong alteration hosted in a dacite-porphyry system. Drilling, comprising 18 drill holes and 7,162 meters as of March 2012, has intersected anomalous gold and silver grades, and additional work is in process to define the geometry of the mineralization. Rock samples from mine tunnels on site returned gold assays ranging from no significant gold up to 9.66 grams per tonne ("g/t") gold and silver assays ranging from no significant silver up to 94.3 g/t silver. On surface, the mineralized structures have returned grab sample values as high as 9.3 g/t gold, 2,030 g/t silver, 2% copper, 736 parts per million molybdenum, 0.4% lead and 1% zinc.

## Regional Exploration, Colombia

The Company has applied for mineral property rights over 20,000 hectares in other jurisdictions around Colombia, in the departments of Nariño, Cauca, Tolima, Caldas, Santander, Norte de Santander and Cesar with only one having been granted by SGC to date. SGC is evaluating the other applications to define the free areas to be granted. A 10-day campaign was carried out in Caldas where 99 samples of rock and sediments were taken. Prospecting activities are being carried out to identify other mineral potential in Colombia.

## Labour Matters

As at March 31, 2012, the Company, its branch and subsidiaries had 234 employees. On March 15, 2012, a Colombian national labour union provided notice that a group of employees at the Company's operations in Colombia had unionized. The Company has been informed by the union that this group is currently made up of 97 employees, mainly at the Angostura Project site. Previously, the Company's workforce had not been unionized. On May 7, 2012, the union provided the Company with a list of demands, which are currently being reviewed by the Company and its advisors. Although the Company will seek to execute favourable agreements with its unionized employees, it is too early to determine what impact, if any, this development could have on future development costs at the Company's operations in Colombia.

**Exploration Expenditures**

The table below provides information, expressed in thousands of U.S. dollars, on the Company's exploration expenditures for the three months ended March 31, 2012 and 2011 and on a cumulative basis. General and administrative costs include items such as salaries and benefits, consulting fees, legal, travel, etc. in support areas for exploration activities.

| | Three months ended March 31, 2012 | 2011 |
|---|---|---|
| Exploration expenditures: | | |
| General and administrative costs (Angostura project in Colombia) | $ 2,663 | $ 2,106 |
| Assay and metallurgy | 380 | 189 |
| Consulting and geology | 75 | 2 |
| Drilling and field costs | 1,890 | 1,651 |
| Environmental | 250 | 68 |
| Civil works | 450 | 28 |
| Feasibility studies | 4,018 | 1,052 |
| Taxes and surface rights | 79 | 127 |
| | 9,805 | 5,223 |
| Cumulative exploration expenditures, beginning of period | 140,504 | 115,118 |
| Cumulative exploration expenditures, end of period | $ 150,309 | $ 120,341 |

## 5. OUTLOOK

Based upon the results of the PEA, the Company plans to proceed with follow-up diamond drilling, engineering, metallurgy, geotechnical and other work in order to develop preliminary and final feasibility studies for an entirely underground operation, including the completion of:

- The ongoing 45,000-metre diamond drilling program designed to enhance the reliability of some of the inferred resources and expand the current underground resource.
- An updated mineral resource estimate (expected during the second quarter of 2012).
- Additional infill drilling to start in the second half of 2012 after termination of the 45,000-metre diamond drilling program and the update of the mineral resource estimate.
- Trade-off studies that will include different processing options and mining schedules.
- Further metallurgical testing to optimize process parameters and project economics.

The Company also expects to continue exploration on its mineral properties. Over the next 12 months, exploration efforts are expected to focus on extending the mineralization at Angostura to other underground mining horizons and outlining the extent of mineralization on its La Plata and Móngora prospects, four and three kilometres to the southwest of Angostura, respectively.

**(Amounts expressed in thousands of U.S. dollars, unless otherwise noted)**

## 6. RESULTS OF OPERATIONS

The following table sets forth selected financial data for the periods indicated:

| | Three Months Ended March 31, 2012 | 2011 |
|---|---|---|
| Exploration expenditures: | | |
| Feasibility studies | $ 4,018 | $ 1,052 |
| Other exploration expenditures | 5,787 | 4,171 |
| | 9,805 | 5,223 |
| General and administrative expenses: | | |
| Depreciation | 93 | 81 |
| Administrative expenditures | 999 | 2,493 |
| Share-based compensation | 494 | 1,009 |
| | 1,586 | 3,583 |
| Total expenses before other items | 11,391 | 8,806 |
| Other items: | | |
| Interest income | (82) | (289) |
| Finance costs | 144 | 120 |
| Equity tax | - | 5,780 |
| Fair value change on warrant liabilities | 1,995 | (2,862) |
| Foreign exchange loss (gain) | 304 | (1,952) |
| | 2,361 | 797 |
| Loss and comprehensive loss for the year attributable to shareholders of the company | $ 13,752 | $ 9,603 |
| Basic and diluted loss per common share | $ 0.16 | $ 0.11 |

### Three Months Ended March 31, 2012

For the three months ended March 31, 2012, the Company recorded a loss and comprehensive loss of $13,752 ($0.16 per share) compared to a loss of $9,603 ($0.11 per share) for the comparative period last year. The increase in loss was due to increases in exploration expenditures of $4,582 and other items of $1,564, partly offset by the decrease in general and administrative expenses of $1,997.

Total exploration expenditures were $9,805 for the three months ended March 31, 2012, compared to $5,223 for the three months ended March 31, 2012. The change was the result of the following:

- Costs related to technical studies were $4,018 for the three months ended March 31, 2012, compared to $1,052 for the comparative period in 2011. This $2,966 increase in cost in 2012 was due to the preparation of the PEA and work commenced on the prefeasibility study for the underground project at Angostura. During the same period in 2011, the Company ceased activities related to the feasibility study for the previous open pit plan.

- General and administrative expense for the Angostura Project increased by $557 due to increased spending on consultants for the permitting process, new Bogota office, health and safety measures, security improvement and general legal issues.

- Civil works increased by $422 due to additional repairs and maintenance to roads that were damaged by rainy conditions in the winter months.

- Drilling and field costs increased by $239 due to cost increases for contractor drilling and supplies and materials used in drilling as the Company continued with its infill and geotechnical drilling program for the underground project.

- Assay and metallurgy expenses increased by $191 due to increased spending on sample testing for the infill drilling program.

- Environmental expense increased by $182 mainly due to the increase in environmental activity and provision for a penalty imposed by an environmental authority in Colombia for a purported breach of an environmental regulation relating to water with a pH level outside prescribed standards that was discharged into a nearby creek. The Company is appealing this penalty and is awaiting a decision from the environmental authority. The Company is not aware of any other penalties, obligations or actions related to this matter.

General and administrative expenses for the corporate office were $1,586 for the three months ended March 31, 2012, compared to $3,583 for the comparative period in 2011. The decrease of $1,997 was the result of the following:

- Management and consulting fees were down $820 in 2012 compared to 2011, due primarily to the decrease in the use of consultants for finance advisory services, tax, recruitment and corporate reorganization consulting services.

- Share-based compensation expenses decreased by $515 for the three months ended March 31, 2012, compared to 2011 due to fewer stock options issued in 2012 compared to 2011. In addition, the forfeiture of stock options when employees left the Company during 2012 resulted in lower expenses for 2012.

- Salaries and benefits were down $284 in 2012 compared to 2011, due to lower executive compensation.

- Travel and investor relations costs were down by $159 in 2012 compared to 2011, due primarily to the decrease in travel by corporate staff resulting from decreased activities in the public hearing process, financing, recruitment and project site visits.

Other items were $2,361 for the three months ended March 31, 2012, compared to $797 for the comparative period in 2011. The increase of $1,564 was the net result of the following:

- In December 2010, the Colombian government passed a law that imposed a 6% equity tax on the net equity of the Company's Colombian operations as at January 1, 2011, resulting in total equity tax of $6,648. The equity tax is to be paid over the four-year period 2011 through 2014 in eight semi-annual installments in May and September each year. Under the Colombian tax legislation, the full amount of the equity tax is required to be accrued as of January 1, 2011. Therefore the net present value of the liability totalling $5,780 was recognized as an expense for the three months ended March 31, 2011. The amount recognized was determined by discounting the eight future equity tax payments at a rate of 7%. Accretion on the equity liability is recorded in finance costs. There was no similar equity tax levied in 2012.

- Recognition of a $1,995 loss on the change in the fair value of warrant liabilities compared to a $2,862 gain for the comparative period in 2011, primarily because the market value of the Company's common shares on which the fair value of the warrants are based, had a larger increase in 2012 compared to 2011.

- Foreign exchange loss of $304 in 2012 compared to a $1,952 gain for the comparative period in 2011. The foreign exchange loss in 2012 was primarily due to the conversion of the Company's Colombia branch transactions from Colombian pesos to U.S. dollars. The foreign exchange gain in 2011 was primarily due to the large cash held in Canadian funds, which appreciated against the U.S. dollar by approximately 2.3% during the three months ended March 31, 2011.

- Interest income decreased by $207 compared to 2011 primarily because the majority of the Company's cash was held in U.S. dollar deposits, which had lower interest rates than Canadian dollar deposits.

**(Amounts expressed in thousands of U.S. dollars, unless otherwise noted)**

## 7. QUARTERLY INFORMATION

| | 2012 | 2011 | | | | 2010 | | |
|---|---|---|---|---|---|---|---|---|
| | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 |
| Exploration Expenditures | $ 9,805 | $ 8,925 | $ 6,344 | $ 4,893 | $ 5,223 | $ 9,358 | $ 7,179 | $ 5,630 |
| Administrative Expenses: | | | | | | | | |
| General and Amortization | 1,092 | 1,068 | 1,238 | 2,754 | 2,575 | 1,557 | 1,574 | 1,484 |
| Share-based Compensation | 494 | 508 | 150 | 1,126 | 1,009 | 1,140 | 1,028 | 1,790 |
| Interest Income | (82) | (106) | (284) | (316) | (289) | (329) | (268) | (277) |
| Other Items | 2,443 | (1,331) | 2,545 | (344) | 1,085 | (3,380) | (4,279) | 777 |
| Net Loss | $ 13,752 | $ 9,064 | $ 9,993 | $ 8,113 | $ 9,603 | $ 8,346 | $ 5,234 | $ 9,404 |
| Basic and Diluted Loss per Share | $0.16 | $0.12 | $0.12 | $0.10 | $0.11 | $0.11 | $0.06 | $0.11 |

**Notes and Factors Affecting Comparability of Quarters:**

1. Engineering costs for the open pit feasibility study decreased during the first half of 2011 when a decision was made not to proceed with its finalization. Engineering costs increased in the third and fourth quarters of 2011 and the first quarter of 2012 when consultants were engaged to prepare studies for the underground project. In addition, site restoration provision increased in the fourth quarter of 2011.
2. Before the decision not to pursue the open pit project was taken, increased activities and staffing in anticipation of moving into development led to increased general and administrative costs in the first half of 2011. Expenses in those quarters also include severance payments to employees whose employment was terminated. During the second half of 2011 and the first quarter of 2012, general and administrative costs were reduced primarily due to lower executive compensation and fewer consultant engagements as the Company reformulated Angostura from an open pit to an underground project.
3. Share-based compensation costs are a non-cash expense and represent the amortization of the estimated fair value of stock options granted, determined using the Black-Scholes option pricing model. Share-based compensation varies depending on the number and fair value of the stock options granted. The decline after the first half of 2011 was primarily due to forfeitures when a number of employees left the Company. This, combined with fewer grants of stock options, also had an impact on the amortization during the second half of 2011 and the first quarter of 2012.
4. The Company is a precious metals exploration and development company and has no operating revenue. Interest income is from funds invested. The amount of interest earned is a function of the amount of funds invested and interest rates. Interest rates on term deposits remained low throughout 2010, 2011 and 2012. However, the cash available for deposit steadily declined during this period resulting in the general decline in interest income each quarter.
5. The quarterly fluctuation in other items is primarily due to the fluctuation in the fair market value of warrants issued in connection of equity financings. These warrants are recorded at their fair values at each reporting date and changes to the fair values are charged to the statement of operations. In addition, there was a one-time equity tax expense in the first quarter of 2011.

## 8. LIQUIDITY AND CAPITAL RESOURCES

### Statement of Cash Flow Information

At March 31, 2012, cash and cash equivalents were $46,987, down from $56,343 at December 31, 2011. The decrease in cash and cash equivalents is primarily attributable to the use of cash in operations.

The Company's cash resources are invested in short-term financial instruments issued by major Canadian chartered banks. These instruments mature at various dates over the current operating period. The Company does not invest in asset-backed commercial paper.

Cash used in operations including changes in non-cash working capital was $8,958 for the three months ended March 31, 2012, compared to $7,211 for the comparative period in 2011. For the three months ended March 31, 2012, exploration-related expenditures, including feasibility study costs, were $9,805. They represent the Company's major use of funds for the period.

At March 31, 2012, the Company had working capital of $39,381 but had not yet achieved profitable operations. The Company expects to incur further losses in the development of its business. For the three months ended March 31, 2012, the Company reported a net loss of $13,752 and as at March 31, 2012, had an accumulated deficit of $199,224. The ability of the Company to continue as a going concern over a longer term is dependent upon the Company's ability to arrange additional funds to complete the development of its property and upon future profitable operations.

The remaining proceeds raised from the Company's public offering on September 22, 2009 and proceeds from the subsequent exercises of the related warrants will be used for continued exploration of the underground Angostura Project, exploration on satellite properties within the Angostura Project area and regional exploration outside of the Angostura Project area.

Management of the Company believes that the current level of funds is expected to be sufficient to pay for committed costs over the next 12 months. Management continues to explore alternative financing sources in the form of equity, debt or a combination thereof; however, the current economic uncertainty and financial market volatility make it difficult to predict success. Risk factors potentially influencing the Company's ability to raise equity or debt financing include: the outcome of the feasibility studies for an underground mine at the Angostura Project, mineral prices, the political risk of operating in a foreign country including, without limitation, risks relating to permitting, and the buoyancy or otherwise of the credit and equity markets. For a more detailed list of risk factors, see the Company's Annual Information Form for the year ended December 31, 2011, which is filed on SEDAR.

**(Amounts expressed in thousands of U.S. dollars, unless otherwise noted)**

Due to the current low interest rate environment, interest income is not expected to be a significant source of income or cash flow. Management intends to monitor spending and assess results on an ongoing basis and will make appropriate changes as required.

## Commitments

The Company's commitments related to its mineral property acquisitions are discussed below.

(a) Exploration and Evaluation Asset Commitments

The Company's exploration and evaluation assets comprise surface rights, mining titles, exploration licenses, exploitation permits and concession contracts that provide for gold, silver and other precious metals exploration in an area located in the Municipality of California, Santander, Colombia, collectively known as the Angostura Project. The licenses, permits and contracts, which expire at various dates ranging from 2020 to 2038, generally can be renewed for an additional 10, 20 or 30 years depending on the applicable mining code.

The Company's exploration and evaluation asset commitments are described under "Liquidity and Capital Resources" in the Company's MD&A in respect of its fiscal year ended December 31, 2011 ("Annual MD&A"), which can be found on SEDAR at www.sedar.com.

(b) Other Commitments

The following is a schedule of the Company's other commitments as at March 31, 2012:

| | | As of March 31, | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 and Thereafter |
| Consulting & contract services | (a) | $ 1,612 | $ 310 | $ 145 | $ 11 | $ - | $ - |
| Office operating leases | (b) | 247 | 75 | 15 | 2 | - | - |
| | | $ 1,859 | $ 385 | $ 160 | $ 13 | $ - | $ - |

(a) Relates to various outsourced professional services
(b) Primarily relates to operating leases for office premises

The Company has entered into various consulting engineering agreements for the feasibility studies of the underground project as well as renewal of the agreements for drilling services. The terms of these agreements are one year or less and payments are calculated based on the hours worked and invoiced on a monthly basis.

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

**(Amounts expressed in thousands of U.S. dollars, unless otherwise noted)**

## 9. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. There have been no significant changes to the Company's credit risk, liquidity risk, interest risk and price risk as disclosed in the Annual MD&A under "Financial Instruments."

(a) Currency risk:

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Colombia and a portion of its expenses are incurred in Canadian dollars and Colombian pesos. A significant change in the currency exchange rates between the U.S. dollar relative to foreign currencies could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. However, the Company holds the majority of its cash balances in U.S. dollars.

The Company's exposure to the Colombian peso, expressed in U.S. dollars and denominated in Colombian pesos, on financial instruments is as follows:

| | March 31, 2012 | | December 31, 2011 | |
|---|---|---|---|---|
| | US$ | Colombian Peso | US$ | Colombian Peso |
| Cash and cash equivalents | $ 373 | $ 667,892 | $ 425 | $ 824,915 |
| Trade and receivables | 963 | 1,725,654 | 710 | 1,379,678 |
| Trade and other payables | 6,202 | 11,115,078 | 3,944 | 7,661,896 |
| Equity tax liability | 4,871 | 8,729,085 | 4,416 | 8,578,079 |
| Amounts payable on exploration and evaluation asset acquisition | 1,200 | 2,150,328 | 1,107 | 2,150,002 |
| | $ 13,609 | $ 24,388,037 | $ 10,602 | $ 20,594,570 |

As at March 31, 2012, with other variables unchanged, a 10% depreciation or appreciation of the U.S. dollar against the Colombian peso would change the values of the Colombian peso-denominated financial instruments and would affect the consolidated statement of operations and comprehensive loss by approximately $1,361.

The Company's exposure to the Colombian peso on annual exploration expenditures throughout the three months ended March 31, 2012 was COP17,160,106 having the U.S. dollar equivalent of $9,757. As at March 31, 2012, with other variables unchanged, a 10% depreciation or appreciation of the U.S. dollar against the Colombian peso would affect the consolidated statement of operations and comprehensive loss by approximately $976.

**(Amounts expressed in thousands of U.S. dollars, unless otherwise noted)**

The Company's exposure to the Canadian dollar, expressed in U.S. dollars and denominated in Canadian dollars, on financial instruments is as follows:

| | March 31, 2012 | | December 31, 2011 | |
|---|---|---|---|---|
| | US$ | CDN$ | US$ | CDN$ |
| Cash and cash equivalents | $ 1,313 | $ 1,312 | $ 17,546 | $ 17,844 |
| Guaranteed investment certificate | 5,704 | 5,699 | 5,580 | 5,675 |
| Trade and receivables | 92 | 92 | 161 | 163 |
| Trade and other payables | 567 | 566 | 544 | 553 |
| | $ 7,676 | $ 7,669 | $ 23,831 | $ 24,235 |

As at March 31, 2012, with other variables unchanged, a 10% depreciation or appreciation of the U.S. dollar against the Canadian dollar would change the values of the Canadian dollar-denominated financial instruments and would affect the consolidated statement of operations and comprehensive loss by approximately $768.

The Company's exposure to the Canadian dollar on annual exploration expenditures throughout the three months ended March 31, 2012 was Cdn$48 having the U.S. dollar equivalent of $48. As at March 31, 2012, with other variables unchanged, a 10% depreciation or appreciation of the U.S. dollar against the Canadian dollar would affect the consolidated statement of operations and comprehensive loss by approximately $5.

## 10. TRANSACTIONS WITH RELATED PARTIES

In the three months ended March 31, 2012:

(a) the Company paid Fintec Holdings Corp., a company owned by the Company's Interim President & Chief Executive Officer and Director, for services provided in relation to those roles; and

(b) pursuant to a service agreement, the Company paid Quantum Advisory Partners LLP, a partnership in which the Company's Chief Financial Officer is an incorporated partner, for services provided in relation to this role.

In the three months ended March 31, 2011:

(a) pursuant to a service agreement, the Company paid Rovig Minerals, Inc., a company owned by the Company's former Chairman for services provided in relation to this role. Amounts paid include reimbursement for certain personal insurance expenses and costs for office facilities in Billings, Montana. The service agreement expired on September 30, 2011; and

**(Amounts expressed in thousands of U.S. dollars, unless otherwise noted)**

(b) the Company paid Ionic Management Corp. ("Ionic"), a company related by virtue of a former director and one officer in common, for corporate and administrative services in Vancouver, BC. These services were cancelled on August 31, 2011.

In addition, the Company reimbursed those parties for out-of-pocket direct costs incurred by them on behalf of the Company. Transactions with related parties were in the normal course of operations and are measured at an exchange amount established and agreed to by the related parties.

Related party expenditures recorded for the following periods were:

| | Three Months Ended March 31, 2012 | 2011 |
|---|---|---|
| Fintec Holdings Corp. | $ 60 | $ - |
| Quantum Advisory Partners LLP | 56 | - |
| Rovig Minerals Inc. | - | 73 |
| Ionic Management Corp. | - | 17 |

## 11. CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year. The Company's critical accounting estimates are described in the Annual MD&A under "Critical Accounting Estimates."

## 12. OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## 13. OUTSTANDING SHARE DATA

The Company has only one class of share capital, common shares without par value. The number of shares authorized is unlimited. The Company has issued warrants for the purchase of common shares and also has a stock option plan.

**(Amounts expressed in thousands of U.S. dollars, unless otherwise noted)**

The following are outstanding at May 11, 2012:

| | |
|---|---|
| Common shares | **84,228,421** |
| Shares issuable on the exercise of warrants | **3,365,686** |
| Shares issuable on the exercise of outstanding stock options | **5,511,740** |

## 14. RISKS AND UNCERTAINTIES

There have been no changes in the Company's risks and uncertainties during the three-month period ended March 31, 2012 from those described in the Annual MD&A and the Company's Annual Information Form for the year ended December 31, 2011, both of which can be found on SEDAR at www.sedar.com.

## 15. INTERNAL CONTROL OVER FINANCIAL REPORTING

### Internal Controls over Financial Reporting

Management is responsible for the establishment, maintenance and testing of adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's management and the board of directors do not expect that its disclosure controls and procedures or internal controls over financial reporting will prevent all errors or all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable (not absolute) assurance that the control system's objectives will be met.

Further, the design, maintenance and testing of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control gaps and instances of fraud have been detected. These inherent limitations include the reality that judgment in decision-making can be faulty, and that simple errors or mistakes can occur. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design, maintenance and testing of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any control system may not succeed in achieving its stated goals under all potential future conditions.

There has been no change in the Company's internal control over financial reporting during the three months ended March 31, 2012 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

## 16. FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this MD&A, including information as to the future financial or operating performance of the Company, and its projects, constitute forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. Forward-looking statements include, among other things, statements regarding the estimation of mineral resources, estimated timelines for completion of a prefeasibility and feasibility study for the underground option at Angostura, estimated annual production, estimated internal rate of return, estimated capital cost, estimated pre-tax net present value and estimated mine life relating to an underground option at the Company's Angostura Project and the future price of gold and silver. Forward-looking statements are based upon a number of estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that Eco Oro believes are appropriate in the circumstances. While these estimates and assumptions are considered reasonable by the Company, they are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Such factors include, among other things, risks relating to permitting, unexpected delays in the work required for completion of the above noted feasibility study and preliminary resource estimate, risks relating to the Company's ability to obtain adequate financing for the development of the Angostura Project, conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and silver, possible variations in ore reserves, grade or recovery rates; risks related to fluctuations in the currency market, risks related to the business being subject to environmental laws and regulations which may increase costs of doing business and restrict the Company's operations; risks relating to title disputes; risks relating to all the Company's properties being located in Colombia, including political, economic and regulatory instability, accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. These factors and others that could affect Eco Oro's forward-looking statements are discussed in greater detail in the section headed "Risk and Uncertainties" in the Company's Annual Information Form for the year ended December 31, 2011, which can be found on SEDAR at www.sedar.com. Investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Forward-looking statements are made as of the date of this MD&A, or in the case of documents incorporated by reference herein, as of the date of the relevant document, and the Company disclaims any intent or obligation to update publicly such forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

## 17. QUALIFIED PERSON

All technical information about the Company's mineral properties contained in this MD&A has been prepared under the supervision of David Heugh, FAusIMM & FSAIMM, a consultant of the Company and former Chief Operating Officer of the Company, who is a "qualified person" within the meaning of National Instrument 43-101.

May 11, 2012.