ECO ORO MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012

Contents

1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Eco Oro Minerals Corp. (the "Company" or "Eco Oro") dated August 9, 2012 provides an analysis of Eco Oro's results of operations and financial condition for the three and six months ended June 30, 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 and six months ended June 30, 2012, all of which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should also be read in conjunction with the Company's discussion of risks and uncertainties, which is included in the Company's Annual Information Form for the year ended December 31, 2011. 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 aims to maximize long term value for its shareholders by developing its project pipeline through to construction and mining phases, whilst adding to its portfolio of current assets.

The Company's short term priority is to complete a prefeasibility and then feasibility study on the Angostura Project and obtain all licenses and necessary resources to bring the mine into operation. Management also expects to complete internal economic assessments on all other major mineral properties in Colombia by the end of 2013, including:

- Móngora;
- La Plata;
- Violetal; and
- Armenia.

The Company is committed to continue to develop the Angostura Project in a socially and environmentally responsible manner that will be beneficial for all stakeholders. The Company's sustainable social responsibility program aims to provide employment opportunities and social support for local communities, sustainable infrastructures and leading environmental practices in the region.

4. CORPORATE DEVELOPMENT

On April 26, 2012, the Company announced the appointment of Joao Carrelo as President and Chief Executive Officer, which appointment was effective July 1, 2012.

5. PROJECT REVIEW

5.1 Angostura Project

Angostura Deposit

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 ten previously existing titles and three area requests. This concession comprises an area of 5,244.9 hectares and contains both the Angostura, Móngora and Violetal deposits. This concession expires in 2027 and is divided into phases. It is currently in exploration phase, which was to expire on August 8, 2012, but was eligible for three additional extensions of two years each. On May 4, 2012, the Company applied to Colombia's national mining agency (Agencia Nacional de Mineria or "ANM") for a two-year extension to the exploration phase. As the ANM had until August 8, 2012 to issue a response on the application, but failed to do so, the application was deemed to be tacitly approved and therefore the exploration phase has been extended to August 8, 2014. This concession may be renewed for an additional 30 years beyond its 2027 expiry date.

Exploitation licenses 101-68 and 127-68, comprising areas 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. In 2009, prior to the scheduled expiry in 2010, the Company applied to have the term of these licenses extended for an additional 10 years. In March 2011, the Company applied to have these licenses converted into concession contracts with 20-year terms. Both applications are currently being considered by the ANM.

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 Ingeominas, now Servicio Geológico Colombiano ("SGC"), 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 also 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 for 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. On March 31, 2011, 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. On May 31, 2011, 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. The Ministry of Environment and Sustainable Development subsequently 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 technical reasons 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 and 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. Although 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 Company believes that the decision does not preclude the Angostura Project from becoming an open pit project. 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 for either an underground or open pit operation. 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. The determination of the boundaries of the páramo ecosystem is the responsibility of the Ministry of Environment and Sustainable Development and they are currently considering those boundaries in relation to the Company´s mineral titles.

In a separate procedure, the Regional Autonomous Corporation for the Defense of the Bucaramanga Plateau (Corporación Autónoma Regional para la Defensa de la Meseta de Bucaramanga or "CDMB") is considering the boundaries of a proposed regional park.

Pursuant to the National Development Plan, the Von Humboldt Institute (Instituto Alexander Von Humboldt or "IAVH") Atlas of Páramos is the minimum reference for the páramo ecosystem while the Colombian Government determines the ultimate boundaries. 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 Company expects the declaration of the regional park boundaries during the third quarter of 2012 and the boundaries of the páramo ecosystems by the end of this year.

The Atlas of Páramos is a document prepared by the IAVH in 2007 that contains a brief description of certain ecosystems in Colombia, including páramos. According to the Atlas of Páramos, the region in which the Angostura Project is located is defined as the Santurban Jurisdiction, which is comprised by 5 ecosystems being super paramo, paramo, sub paramo, high Andean forest and Andean forest. According to Resolution 769, 2002 from the Ministry of Environment and Sustainable Development, a páramo ecosystem is comprised of three ecosystems being the super paramo, paramo and sub paramo ecosystems. According to this resolution, the high Andean forest and the Andean forest are not within the definition of páramo.

On December 22, 2011, the Ministry of Mines and Energy issued a non-binding opinion to the CDMB regarding the possible declaration of the regional park in the area of the Angostura Project. In that opinion, the Ministry of Mines and Energy noted the importance of the mineral resources located 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 comprised 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 Atlas of Paramos issued by the IAVH, the Angostura deposit is located in the high Andean forest and the Andean forest.

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. The Updated Preliminary Economic Assessment ("PEA") was developed on the mineral resource based upon 321,979 meters of drilling in 973 drill holes up to the end of May 2011. Golder completed the mining studies and TWP completed the process and infrastructure components of the PEA. 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, 2012, 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 received a resolution from the Colombian Authority responsible for Environmental Licensing (Autoridad Nacional de Licencias Ambientales or "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.

On July 20, 2012, the Company announced that it received a ruling (the "Ruling") from the Ninth Circuit Administrative Court of the City of Bucaramanga (the "Court") wherein the Court ordered the Ministry of Mines and Energy to initiate administrative and/or judicial actions to "leave without effect resolution 3452" (the "Order"), which the Court characterized as a permit to develop mining exploration activities in an open pit in the Paramo of Santurban. The Ruling relates to an action filed by an individual in June 2010, which sought to "leave without effect" the Company's environmental license to proceed with developing concession contract 3452, the Company's principal mining title. In fact, no such license existed. Furthermore, in 2011, the Ministry of Environment and Sustainable Development denied the Company's 2009 request for an environmental license for the development of an open pit mine at the Angostura Project. The Court was aware of these facts and the Company expected that the Court would dismiss all demands and the action would be concluded without consequence. However, although the Court dismissed all demands, its Ruling contains the Order, which goes beyond the requests and purports to affect the Company's rights under concession contract 3452. The Company's legal advisors have confirmed that the Order exceeds the Court's authority. The Company filed an appeal to the Ruling on July 25, 2012 before the Administrative Tribunal of the Department of Santander. As a result of the appeal, the Order may not be effected before the Administrative Tribunal of the Department of Santander renders a decision in the appeal. If the Ministry of Mines and Energy abides by the Order and initiates any administrative and/or judicial actions, the Company will take all legal steps necessary to protect its rights under concession contract 3452. Concession contract 3452 is currently in good standing and remains in force and the Order has no effect on the Company's current activities. The Company has determined that it is too early to predict the outcome of the appeal or the ultimate impact to the Company's rights under its concession contract 3452.

The Company's 2012 exploration plans for the Angostura deposit have been 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 32,410 meters in 77 additional drill holes have been completed through to June 2012, of which 6,538 metres in 18 holes, 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. This drilling program was designed in stages that reflected priorities in mining sequence as it is now known, with the current focus on the central core of the deposit.

Móngora Deposit

Móngora has near surface oxide gold and deeper sulphide gold mineralization and was discovered in 2008. It is located within the Angostura Project area, 3 kilometers south of the Angostura mineral deposit. The Móngora prospect is defined by a large, 200 hectares, gold-in-soil anomaly of which, 40 hectares have been tested to date.

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 Móngora deposit has the potential to enhance the value of the envisioned Angostura Project, possibly providing an early source of mineralized feed should primary access to the Angostura Project cut across this deposit.

5.2 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 June 30, 2012, the Company has incurred cumulative costs associated with this property totalling approximately $1,653 and drilled 7,162 meters.

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.

The drilling at La Plata carried out in 2010 and 2011 encountered good grade mineralization well suited for underground mining and highlighted very high grade silver mineralization where one of the drill holes contained 1,805 grams per tonne ("g/t") silver, 5.09 g/t gold and 0.83% copper over 2 metres, and another hole which intercepted 18.15 meters graded 32.24 g/t silver and 4.64 g/t gold.

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 hearings held for such purpose in March, May and early June 2012, a Colombian court appointed the arbitrators. Each of the appointed arbitrators confirmed their acceptance of the appointment during a hearing held on July 18, 2012. In that hearing the arbitrators required the vendor to correct form deficiencies in their pleadings. Amended pleadings were filed on July 25, 2012 and, assuming they are accepted, the arbitration will then proceed and the Company will be informed of the vendor´s basis for seeking to terminate the assignment agreement. Until that time, the Company is unable to assess the outcome of the arbitration. 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.

(Amounts expressed in thousands of US dollars, unless otherwise noted)

5.3 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. Cauca and Caldas have already received favorable technical and legal opinions from the mining authorities and are awaiting execution of the corresponding Mining Concession Agreements SGC is evaluating the other applications to define the free areas to be granted. Currently, the SGC has suspended the evaluation of all further applications for mining concessions in Colombia.

5.4 Labour Matters

As at June 30, 2012, the Company had 183 non-management employees, of which 101 of the employees were unionized and represented by the Sindicato de Trabajadores del Sector Minero de Santander ("SINTRAMISAN"). On July 6, 2012, the Company and SINTRAMISAN successfully completed a collective agreement, which secures for non-management employees terms and conditions of employment until December 31, 2014. This collective agreement also reinforces the commitment of the union and employees to advance the Angostura Project to the construction and mining phases.

5.5 Exploration Expenditures

The table below provides information on the Company's exploration expenditures for the three and six months ended June 30, 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 June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Exploration expenditures:				
General and administrative costs (Angostura project in Colombia)	$ 2,662	$ 2,239	$ 5,325	$ 4,345
Assay and metallurgy	348	181	728	370
Consulting and geology	91	-	166	2
Drilling and field costs	2,237	1,844	4,127	3,495
Environmental	75	60	325	128
Civil works	275	180	725	207
Feasibility studies	1,773	258	5,791	1,310
Taxes and surface rights	64	131	143	259
	7,525	4,893	17,330	10,116
Cumulative exploration expenditures, beginning of period	150,309	120,341	140,504	115,118
Cumulative exploration expenditures, end of period	$ 157,834	$ 125,234	$ 157,834	$ 125,234

6. OUTLOOK

Based upon the results of the PEA, the Company is proceeding 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 advancement of the following:

- PFS. Further to the PEA study, a total of 25,875 meters of diamond drilling was carried out to enhance the reliability of some of the inferred resources that will be reflected in the PFS, which is expected to be completed by the end of this year.

- Resources and reserves. The updated mineral resource estimate is expected to be delivered during October 2012 and will be incorporated in the PFS.
- EIA. The environmental impact assessment is currently under way including the baseline studies.
- Metallurgical testing. Further metallurgical testing to optimize process parameters and project economics.
- Definition of park and páramo. The competent authorities have committed to define during the third quarter of 2012 the delineation of the regional park in the area of the Angostura project. The declaration of the boundaries of the páramo is expected to occur following the delineation of the regional park in the area of the Angostura Project.
- Financing to construction phase. Notwithstanding the current worldwide economic uncertainty and financial market volatility, management continues to explore alternative financing sources.
- Strengthening the management team by adding significant bench strength, which will add value to the Company as it pursues the completion of the current studies and transitions to the construction phase.
- Alignment of resources to suit the current stage of the underground project requirements to improve productivity.

(Amounts expressed in thousands of US dollars, unless otherwise noted)

7. RESULTS OF OPERATIONS

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

	Three months ended June 30, 2012	2011	Increase (Decrease)	Notes
Exploration expenditures:				
Feasibility studies	$ 1,773	$ 258	$ 1,515	2(i)
Other exploration expenditures	5,752	4,635	1,117	2(ii)
	7,525	4,893	2,632	2
General and administrative expenses:				
Depreciation	99	60	39	
Administrative expenditures	894	2,694	(1,800)	
Share-based compensation	772	1,125	(353)	
	1,765	3,879	(2,114)	3
Total expenses before other items	9,290	8,772	518	
Other items:				
Interest income	(63)	(316)	253	4(iii)
Finance costs	108	122	(14)	
Equity tax	-	-	-	
Fair value change on warrant liabilities	(1,970)	(376)	(1,594)	4(i)
Foreign exchange loss (gain)	168	(90)	258	4(ii)
	(1,757)	(660)	(1,097)	4
Loss and comprehensive loss for the period	$ 7,533	$ 8,112	$ (579)	1
Basic and diluted loss per common share	$ 0.09	$ 0.10	$ (0.01)	

Notes to the Three Months Ended June 30, 2012

1. The decrease in loss and comprehensive loss was due to decreases in general and administrative expenses of $2,114, and net decrease to loss in other items of $1,097, partly offset by the increase in exploration expenditures of $2,632.

2. Total exploration expenditures were higher this quarter over last year's comparative quarter as a result of the following:

   i. The increase in feasibility studies was due to the finalization of the PEA and work related to 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.

   ii. Other exploration expenditures increased this quarter over last year's comparative quarter due to the following:

- General and administrative expense for the Angostura Project increased by $423 due to increased spending on consultants for the permitting process, new Bogota office, health and safety measures, bonus for employees and security improvement. This was partially offset by a reduction on public hearing, public relations and communication expenses.

- Drilling and field costs increased by $393 due to increased consulting services related to geotechnical studies and construction of roads and platforms as the Company continued with its infill and geotechnical drilling program for the underground project.

- Assay and metallurgy expenses increased by $167 due to increased spending on sample testing for the infill drilling program and increased spending on metallurgic trials to support the technical studies.

3. General and administrative expenses for the corporate office decreased this quarter over last year's comparative quarter as a result of the following:

    - Salaries and benefits were down $1,256 in 2012 compared to 2011, primarily because of $1,427 in severance payments made to executives whose employment with the Company terminated during 2011.

    - Share-based compensation expenses decreased by $353 for the three months ended June 30, 2012, compared to 2011 because there were fewer stock options that were vested and expensed on the grant dates in 2012 compared to 2011. In addition, the forfeiture of unvested stock options when employees left the Company during 2012 resulted in lower expenses for 2012.

    - Management and consulting fees were down $223 in 2012 compared to 2011, due primarily to the decrease in the use of consultants for finance advisory services and corporate reorganization consulting services.

4. Other items resulted in a net increase of $1,097 due to the following:

    i. Recognition of a higher gain on the fair value of warrant liabilities compared to 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 decrease in 2012 compared to 2011.

    ii. The foreign exchange loss in 2012 was primarily due to the conversion of the Company's Colombia branch transactions from COP to US dollars. The foreign exchange gain in 2011 was primarily due to the large cash held in Canadian funds, which appreciated against the US dollar by approximately 0.75%, during the three months ended in June 30, 2011.

    iii. Interest income decreased compared to 2011 primarily because the majority of the Company's cash was held in US dollar deposits, which had lower interest rates than Cdn$ deposits.

(Amounts expressed in thousands of US dollars, unless otherwise noted)

	Six Months Ended June 30, 2012	2011	Increase (Decrease)	Notes
Exploration expenditures:				
Feasibility studies	$ 5,791	$ 1,310	$ 4,481	2(i)
Other exploration expenditures	11,539	8,806	2,733	2(ii)
	17,330	10,116	7,214	2
General and administrative expenses:				
Depreciation	192	140	52	
Administrative expenditures	1,894	5,187	(3,293)	
Share-based compensation	1,266	2,134	(868)	
	3,352	7,461	(4,109)	3
Total expenses before other items	20,682	17,577	3,105	
Other items:				
Interest income	(146)	(604)	458	4(iii)
Finance costs	252	242	10	
Equity tax	-	5,780	(5,780)	4(iv)
Fair value change on warrant liabilities	26	(3,238)	3,264	4(i)
Foreign exchange loss (gain)	471	(2,041)	2,512	4(ii)
	603	139	464	
Loss and comprehensive loss for the year	$ 21,285	$ 17,716	$ 3,569	1
Basic and diluted loss per common share	$ 0.25	$ 0.21	$ 0.04	

Notes to the Six Months Ended June 30, 2012

1. The increase in loss and comprehensive loss was due to increases in exploration expenditures of $7,214 and a net increase to loss in other items of $464, partly offset by the decrease in general and administrative expenses of $4,109.
2. Total exploration expenditures for the six months ended on June 30, 2012, were higher than in 2011 due to the following:

   i. The increase in feasibility studies was due to work related to the PEA completed in April 2012 and work related to 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.

   ii. Other exploration expenditures increased for the six months ended on June 30, 2012, compared to 2011 due to the following:

      - General and administrative expense for the Angostura Project increased by $979 due to increased spending on consultants for the permitting process, new Bogota office, health and safety measures, bonus for employees, security improvement and general legal issues. This was partially offset by a reduction on public hearing, public relations and communication expenses.

- Drilling and field costs increased by $632 due to cost increases for contractor drilling and supplies and materials, increased consulting services related to geotechnical studies, and construction of roads and platforms as the Company continued with its infill and geotechnical drilling program for the underground project.

- Civil works increased by $518 due to additional repairs and maintenance to roads that were damaged by rainy conditions in the winter months.

- Assay and metallurgy expenses increased by $358 due to increased spending on sample testing for the infill drilling program and increased spending on metallurgic trials to support the technical studies.

- Environmental expense increased by $197 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 the release of water with a pH level outside prescribed standards. 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.

3. General and administrative expenses for the corporate office for the six months ended on June 30, 2012 were lower than in 2011 as a result of the following:

   - Salaries and benefits were down $1,540 in 2012 compared to 2011, primarily because of $1,427 in severance payments made to executives whose employment with the Company terminated during 2011. In addition, there was lower executive compensation in 2012.

   - Management and consulting fees were down $1,043 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 $868 for the six months ended June 30, 2012, compared to 2011 because there were fewer stock options that were vested and expensed on the grant dates in 2012 compared to 2011. In addition, the forfeiture of unvested stock options when employees left the Company during 2012 resulted in lower expenses for 2012.

   - Investor relations and travel were down by $231 in 2012 compared to 2011, due primarily to the decrease in travel by corporate staff and fewer investor relations activities.

   - Audit, legal and other professional fees were down $226 in 2012 compared to 2011, due primarily lower accounting assistance costs related to the IFRS conversion in 2011 and lower legal fees.

4. Other items resulted in a net increase to loss for the six months ended June 30, 2012, compared to the same period in 2011 due to the following:

(Amounts expressed in thousands of US dollars, unless otherwise noted)

i. Recognition of a loss in 2012 on the change in the fair value of warrant liabilities compared to a 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 increased by 17% in 2012 compared to a decrease of 32% in 2011.

ii. The foreign exchange loss in 2012 was primarily due to the conversion of the Company's Colombia branch transactions from COP to US dollars. The foreign exchange gain in 2011 was primarily due to the large cash held in Canadian funds, which appreciated against the US dollar by approximately 3.14% during the six months ended June 30, 2011.

iii. Interest income decreased in 2012 compared to 2011 primarily because the majority of the Company's cash was held in US dollar deposits, which had lower interest rates than Cdn$ deposits.

iv. 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 an equity tax expense of $5,780 for the six months ended June 30, 2011. There was no equity tax imposed in 2012.

8. QUARTERLY INFORMATION

	2012		2011				2010	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Exploration Expenditures	$ 7,525	$ 9,805	$ 8,925	$ 6,344	$ 4,893	$ 5,223	$ 9,358	$ 7,179
Administrative Expenses:								
General and Amortization	993	1,092	1,068	1,238	2,754	2,575	1,557	1,574
Share-based Compensation	772	494	508	150	1,126	1,009	1,140	1,028
Interest Income	(63)	(82)	(106)	(284)	(316)	(289)	(329)	(268)
Other Items	(1,694)	2,443	(1,331)	2,545	(344)	1,085	(3,380)	(4,279)
Net Loss	$ 7,533	$ 13,752	$ 9,064	$ 9,993	$ 8,113	$ 9,603	$ 8,346	$ 5,234
Basic and Diluted Loss per Share	$0.09	$0.16	$0.12	$0.12	$0.10	$0.11	$0.11	$0.06

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 half 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 terminated. During the second half of 2011 and the first half of 2012, general and administrative costs were reduced primarily due to lower executive compensation and fewer consultant engagements as the Company reformulated the Angostura Project 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 half 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. During the fourth quarter of 2011, the Company converted the majority of its cash into US dollar deposits, which had lower interest rates than Cdn$ deposits.
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.

9. LIQUIDITY AND CAPITAL RESOURCES

Statement of Cash Flow Information

At June 30, 2012, cash and cash equivalents were $42,735, down from $56,343 at December 31, 2011. During the six months ended June 30, 2012, the guaranteed investment certificate of $5,653 was redeemed. The decrease in cash and cash equivalents is primarily attributable to the use of cash in operations. At August 9, 2012, cash and cash equivalents amounted to $39,625.

Cash used in operations including changes in non-cash working capital was $18,571 for the six months ended June 30, 2012, compared to $17,350 for the comparative period in 2011. For the six months ended June 30, 2012, exploration-related expenditures, including feasibility study costs, were $17,330. They represent the Company's major use of funds for the period.

At June 30, 2012, the Company had working capital of $31,664 but had not yet achieved profitable operations. The Company expects to incur further losses in the development of its business. For the six months ended June 30, 2012, the Company reported a net loss of $21,285 and as at June 30, 2012, had an accumulated deficit of $206,757. 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 including obtaining necessary permits and other regulatory approvals 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 month. Notwithstanding the current worldwide economic uncertainty and financial market volatility, management continues to explore alternative financing sources. 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 as discussed under the "Project Review" section, 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 US 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 and contingencies

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 June 30, 2012:

		As of June 30,					
		2013	2014	2015	2016	2017	2018 and Thereafter
Consulting & contract services	(a)	$ 1,437	$ 298	$ 101	$ 7	$ -	$ -
Office operating leases	(b)	210	53	11	2	-	-
		$ 1,647	$ 351	$ 112	$ 9	$ -	$ -

(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 feasibility studies relating to the underground project as well as renewal of the agreements for drilling services. The terms of these agreements are one year or less with varying payments that are calculated based on actual hours worked and invoiced on a monthly basis.

During the six months ended June 30, 2012, an environmental authority in Colombia initiated an investigation into allegations that the Company pumped water out of tunnels it maintained without the proper permits to do so. As the investigation is ongoing, it is not possible to predict the outcome of this investigation and any resulting penalty that may be imposed.

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 US dollars, unless otherwise noted)

10. 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."

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 Cdn$ and COP. A significant change in the currency exchange rates between the US 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 US dollars.

The Company's exposure to the Colombian peso, expressed in US dollars and denominated in COP, on financial instruments is as follows:

	June 30, 2012		December 31, 2011	
	US$	Colombian Peso	US$	Colombian Peso
Cash and cash equivalents	$ 937	$ 1,672,719	$ 425	$ 824,915
Trade and receivables	768	1,370,085	710	1,379,678
Trade and other payables	(5,734)	(10,232,463)	(3,944)	(7,661,896)
Equity tax liability	(4,079)	(7,279,458)	(4,416)	(8,578,079)
Amounts payable on exploration and evaluation asset acquisition	(1,205)	(2,150,000)	(1,107)	(2,150,002)
	$ (9,313)	$ (16,619,117)	$ (8,332)	$ (16,185,384)

As at June 30, 2012, with other variables unchanged, a 10% depreciation or appreciation of the US 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 $931.

The Company's exposure to the Colombian peso on annual exploration expenditures throughout the six months ended June 30, 2012 was COP31,976,277 having the US dollar equivalent of $16,984. As at June 30, 2012, with other variables unchanged, a 10% depreciation or appreciation of the US dollar against the Colombian peso would affect the consolidated statement of operations and comprehensive loss by approximately $1,698.

(Amounts expressed in thousands of US dollars, unless otherwise noted)

The Company's exposure to the Cdn$, expressed in US dollars and denominated in Cdn$, on financial instruments is as follows:

	June 30, 2012		December 31, 2011	
	US$	CDN$	US$	CDN$
Cash and cash equivalents	$ 5,902	$ 6,015	$ 17,546	$ 17,844
Guaranteed investment certificate	-	-	5,580	5,675
Trade and receivables	99	100	161	163
Trade and other payables	(416)	(424)	(544)	(553)
	$ 5,585	$ 5,691	$ 22,743	$ 23,129

As at June 30, 2012, with other variables unchanged, a 10% depreciation or appreciation of the US dollar against the Cdn$ would change the values of the Cdn$-denominated financial instruments and would affect the consolidated statement of operations and comprehensive loss by approximately $559.

The Company's exposure to the Cdn$ on annual exploration expenditures throughout the six months ended June 30, 2012 was Cdn$347 having the US dollar equivalent of $345. As at June 30, 2012, with other variables unchanged, a 10% depreciation or appreciation of the US dollar against the Cdn$ would affect the consolidated statement of operations and comprehensive loss by approximately $35.

11. TRANSACTIONS WITH RELATED PARTIES

In the six months ended June 30, 2012:

(a) the Company paid Fintec Holdings Corp., a company owned by a director and, until June 30, 2012, the Company's Interim President & Chief Executive Officer, for services provided in relation to those roles; and

(b) pursuant to a services 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 six months ended June 30, 2011:

(a) pursuant to a services agreement, which expired on September 30, 2011, 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; and

(b) the Company paid Ionic Management Corp., a company related by virtue of a former director and one officer in common, for corporate and administrative services in Vancouver, British Colombia. 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:

(Amounts expressed in thousands of US dollars, unless otherwise noted)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	**2011**	**2012**	**2011**
Fintec Holdings Corp.	$ 157	$ -	$ 218	$ -
Quantum Advisory Partners LLP	49	-	105	-
Rovig Minerals Inc.	-	56	-	112
Ionic Management Corp.	-	17	-	34

12. 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."

13. OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

14. 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. The following are outstanding at August 9, 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	**5,466,741**

15. RISKS AND UNCERTAINTIES

The business of the Company is subject to a variety of risks and uncertainties. For a discussion of the risks faced by the Company, please refer to the Company's Annual Information Form for the year ended December 31, 2011, which can be found on SEDAR at www.sedar.com. These risks could materially adversely affect the Company's future business, operations and financial condition and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A and as described in under "Caution Regarding Forward-Looking Statements" found herein.

16. 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 June 30, 2012 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

17. CAUTION REGARDING 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 timelines for declaration of the regional park and páramo eco system, estimated timelines for completion of internal economic assessments, asset acquisitions, exploration and drilling programs, 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 prefeasibility study, feasibility study and updated mineral 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.

18. 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.

August 9, 2012.