ECO ORO MINERALS CORP.

Management's Discussion and Analysis

Year Ended December 31, 2013

Contents

1. INTRODUCTION

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Eco Oro Minerals Corp. ("Eco Oro", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the consolidated financial statements and notes thereto prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended December 31, 2013. This MD&A should be read in conjunction with our financial statements and the most recent Annual Information Form, which are available on the Canadian Securities Administrators' website at www.sedar.com.

This MD&A is prepared as of March 6, 2014. All dollar amounts in this MD&A are expressed in thousands of United States dollars, unless otherwise specified. Canadian dollars and Colombian pesos are referred to as "Cdn$" and "COP," respectively.

2. OUR BUSINESS AND STRATEGY

Eco Oro is a precious metals exploration and development company with a portfolio of projects in Colombia. The Company aims to maximize long-term value for its shareholders by developing its project pipeline through to construction and mining, whilst adding to its current portfolio of assets.

For over 15 years, the Company's focus has primarily been its wholly-owned, multi-million ounce Angostura gold-silver deposit, located in northeastern Colombia, during which time it has invested a significant amount in the project's development and in that of the surrounding communities.

There are a number of outstanding matters to be resolved before the Company may advance the Angostura Project. These include:

- delineation of the Santurbán páramo ecosystem;
- successful appeal of the Ninth Circuit Administrative Court of the City of Bucaramanga ruling; and
- securing additional financing.

The Company announced cost reductions in July 2013 as a result of the continued delay in defining the Santurbán páramo boundaries. These measures were implemented to protect the Company's treasury while we continue to comply with all legal requirements and relevant international standards as well as continue to allocate the resources necessary to work with all relevant stakeholders to facilitate the Colombian authorities' delineation of the boundaries of the Santurbán páramo and, in particular, in the area of the Angostura Project. To this end, the Company engaged Ecodes Ingenieria Ltda., a well-renowned Colombian company, to conduct an ecosystem biodiversity study to a degree of detail not previous undertaken in Colombia. The study concluded that páramo does not exist in the area of the Angostura deposit. Both the study and its conclusions have been discussed with the relevant authorities. However, the Company is still awaiting a decision with respect to the páramo delineation.

The Company is currently assessing the geological merit of its mineral tenures and will rationalize the non-core mineral tenures accordingly.

The Company plans to implement austerity measures with a view to reduce its cash burn in 2014 and beyond, or until such time that is able to arrange additional financing.

3. PROJECT REVIEW

Angostura Project

The Company's current efforts are focused on the Angostura Project in the Department of Santander, approximately 400 km northeast of the capital city of Bogotá. The Angostura Project consists of the main Angostura deposit and five satellite prospects: Armenia, La Plata, Agua Limpia, Violetal and Móngora.

Mining Title

The Angostura Project's principal mining title is concession 3452, which was created by the consolidation of ten previously existing titles, two concession contract requests and one exploration license request. This concession comprises an area of 5,254 hectares and contains the Angostura, Móngora and Violetal deposits. This concession expires in 2027 but may be renewed for an additional 30 years. The concession is divided into phases and is currently in exploration phase.

Preliminary Economic Assessment

In February 2012, the Company announced results of an updated preliminary economic assessment ("PEA") for the Angostura Project. The PEA includes underground development of the higher-grade mineral resources and a production plan with preliminary engineering design for process plant options to extract gold and silver. Four alternatives for processing are evaluated in the PEA: sale of concentrate, roasting, bio-oxidation, and pressure oxidation, as well as an agitated tank leach for oxides and transitional resources. The PEA evaluates both higher-grade and lower-grade scenarios to address variation in the ability to mine selectively.

Prefeasibility Study

Based upon the results of the PEA, the Company proceeded with engineering, metallurgy, geotechnical and other work in order to develop a prefeasibility study ("PFS") for an underground mining operation.

Further to the PEA, over 32,000 meters of additional drilling was carried out to enhance the reliability of some of the inferred resources. Results from the infill drilling program reinforce management's expectation that the deposit has the continuity of mineralized zones and high grades required for underground mining, as well as demonstrating further upside potential at depth. Results from the geotechnical and hydrogeological drilling will provide valuable information, which will ensure that Eco Oro effectively addresses any associated safety and environmental concerns of the surrounding community.

Further metallurgical testing is required to optimize process parameters, engineering-related design and project economics. However, this planned additional work and completion of the PFS have been suspended in light of the current uncertainties.

Páramo

In June 2011, the Colombian Congress enacted the National Development Plan which, among other things, forbids mining activities in páramo ecosystems and requires the Colombian Government to determine the boundaries of the páramo ecosystems on a 1:25,000 scale and 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 (*Ministerio de Ambiente y Desarrollo Sostenible* or "MADS").

Pursuant to the National Development Plan, Atlas of Páramos prepared by the Alexander von Humboldt Institute (*Instituto Alexander von Humboldt* or "IAvH") is the minimum reference for the páramo ecosystem while the Colombian Government determines the ultimate boundaries. According to the Atlas of Páramos, the region in which the Angostura Project is located is comprised of five ecosystems: superpáramo, páramo, subpáramo, high Andean forest and Andean forest. According to MADS, a páramo ecosystem is comprised of three ecosystems being the superpáramo, páramo and subpáramo ecosystems. Based on the IAvH definition of páramo elevations in its Atlas of Paramos, the Company believes that the Angostura deposit is located in the high Andean forest and Andean forest.

In accordance with the National Development Plan, MADS, IAvH and the Regional Autonomous Corporation for the Defense of the Bucaramanga Plateau (*Corporación Autónoma Regional para la Defensa de la Meseta de Bucaramanga* or "CDMB") have visited and performed technical assessments in Santurbán, where the Angostura Project is located, to determine the boundaries of the páramo ecosystem in that area. That process, however, has encountered delays and no decision has yet been made.

In early 2012, Eco Oro commissioned Ecodes Ingenieria Ltda. ("Ecodes") to carry out an ecosystem biodiversity study. The purpose of the report, which covers an area of 600 hectares surrounding the Angostura deposit, was to have a thorough understanding of the state of ecosystem conservation in the Company's area of influence. Ecodes is a Colombian company specializing in the formulation and execution of environmental projects. The Ecodes team is comprised of well-renowned professionals and highly qualified specialists recognized nationally and internationally in the areas of biology, ecology of ecosystems, ecological restoration, hydrology, climatology, GES informatics, edaphology, ecological modeling, and social and economic sciences.

In May 2013, the Company reported that results from the Ecodes study show that the Angostura deposit does not have any páramo coverage. The study was conducted to a degree of detail not previously undertaken in Colombia. Approximately 60 multidisciplinary professionals made several visits to the Angostura property and used cutting-edge models and technology to obtain a detailed appreciation for the conservation status of the biodiversity of ecosystems in the area under examination. Rigorous analysis was undertaken of soils, fauna and flora, hydrological systems, and socio-economic realities and perceptions relating to the local communities of Soto Norte. The Ecodes study reflects a scale of 1:2,000, more detailed than the National Development Plan's prescribed scale of 1:25,000. The study also contemplated alterations to vegetation in the area over the last five decades, which showed that only during the last decade has the study area seen an improvement in the vegetation cover.

The Ecodes study and its conclusions have been discussed with the relevant authorities, including MADS, who have been asked to take the Ecodes study into account when determining the paramo delineation.

Regional Park

In a process separate from determining the boundaries of páramo, the CDMB was considering the boundaries of a proposed regional park. In January 2013, the coordinates of the Regional Park of Santurbán (the "Park") were approved by the CDMB. The Company's assessment indicates that the officially-declared boundaries do not impede development of the Angostura Project. The Angostura deposit lies below a total area of 215 hectares of which 90% falls outside of the surface boundaries of the Park.

Although the development of the Angostura Project may be only marginally affected, a significant portion of Eco Oro's total non-core mineral and surface rights are covered by the surface of the Park. To the extent the Company is unable to make use of these assets, it will seek compensation.

Permitting

The Company requested the National Authority for Environmental Licensing (*Autoridad Nacional de Licencias Ambientales* or "ANLA") to provide the specific terms of reference for the Study of Environmental and Social Impact for an underground operation. In March 2012, the Company received definitive terms of reference for an environmental impact assessment for the Angostura Project. The terms of reference contain guidelines for the preparation of the environmental and social assessment study that must be completed before the Company may apply for an environmental license for the Angostura Project.

Other Developments

In May 2012, the Company applied to Colombia's national mining agency (*Agencia Nacional de Mineria* or "ANM") for a two-year extension to its exploration phase of concession 3452. In response to the application, the ANM indicated subsequent to the legally prescribed response period, that approximately 54% of the concession was located in what they regarded as Santurbán páramo and, on that basis, extended only the remaining 46% of the concession for two years. The Company filed a motion to reconsider in August 2012 and, in response, the ANM granted the extension sought for concession 3452 in its entirety but indicated that the Company must not conduct any exploration activities in the areas that constitute páramo according to the Atlas of Páramo issued by the IAvH until the ultimate boundaries of the páramo ecosystem have been determined. The Company's current activities are not impacted by this decision since, in our view, we are not operating in the paramo ecosystem, as noted earlier.

In July 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 Santurbán páramo. 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 3452, the Company's principal mining title. In fact, no such license existed. Furthermore, in 2011, the MADS denied the Company's 2009 request for an environmental license for the development of an open pit mine at the Angostura Project, in the form it was presented. 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. 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 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. Concession 3452 is currently in good standing and remains in force and the Order has no effect on the Company's current activities.

In February 2013, the Company received notice that Sociedad Mina Los Diamantes Ltda. and Crisanto Peña Gelvez ("SMLDL and Gelvez") filed legal proceedings in the Eighth Civil Circuit Court of the City of Bucaramanga pursuant to which they sought the annulment of an assignment and sale agreement (the "Sale Agreement") pursuant to which the Company acquired mining permit 3452 (the "Permit") from SMLDL and Gelvez. The Permit, covering an area of 250 hectares, was converted into integrated concession 3452 (the "Concession"), covering an area of 5,254 hectares, with the Colombian Government and registered in the National Mining Register in 2007. A significant portion of the Angostura deposit is covered by the original area of the Permit. The Concession, which incorporated the Permit and several other mineral tenures, is fully registered in the name of the Company. The Company filed motions to have the proceedings in the Court dismissed as the Sale Agreement requires any dispute to be settled by way of arbitration and not the courts. The Court decided that it lacked jurisdiction, which decision was upheld on appeal by the Superior Tribunal in July 2013. In August 2013, the Company received notice that SMLDL and Gelvez had commenced arbitration proceedings seeking the annulment of the Sale Agreement. The Company expects the arbitration panel to be constituted and arbitral proceedings to commence early in 2014. In the initial court action, SMLDL and Gelvez alleged that not all formalities were observed at the time the Sale Agreement was entered into and that it should be annulled on that basis. The Company is of the view that no deficiencies existed and had they existed would have been ratified by the conduct of the parties and the Colombian Government, and, in any event, the statute of limitations can be invoked to reject the claims. While the Company believes the probability of a favorable decision is more likely than not, the Company has determined that it is too early to predict the outcome of the arbitration proceedings or the ultimate impact to the Company's rights with respect to the Concession. An adverse decision would have a material adverse effect on the ability of the Company to carry out its planned business operations with respect to the Angostura Project.

Móngora

Móngora is located within the Angostura Project area 3 km south of the Angostura mineral deposit. It has oxide gold mineralization and deeper sulphide gold mineralization and was discovered in 2008. In March 2012, the Company announced the completion of its initial mineral resource estimate for the Móngora deposit.

The Móngora deposit occurs on the trajectory of a possible access tunnel to the Angostura deposit and, as such, makes the deposit attractive as it could provide an early source of mineralized feed in the development of the Angostura Project. Mine planning for the Angostura Project is still being evaluated but there is no certainty that the above-noted access tunnel to the Angostura deposit will form part of the mine plan.

La Plata

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. Drilling at La Plata carried out by the Company in 2010 and 2011 encountered good grade mineralization well suited for underground mining and highlighted very high-grade silver mineralization. There was no drilling conducted on the property in 2012 or 2013.

In February 2012, the Company received notice that Sociedad Minera La Plata Ltda. ("SMLPL") filed an arbitral action against the Company pursuant to the arbitration clause contained in the mining title assignment agreement (the "Assignment Agreement") pursuant to which the Company acquired the La Plata property from SMLPL. There were also three subordinate partial assignment agreements between SMLPL and the Company which facilitated the transfer and registration of the property in the Company's name. SMLPL claimed that there was a lack of legal power of its legal representative to sign the Assignment Agreement and other agreements because no formal authorization from its board of directors existed, as required by SMLPL's bylaws for any agreement greater than 500,000 Colombian pesos. An arbitration panel was constituted, which rendered a final decision in September 2013. The panel found that the two-year statute of limitations applied in respect of the Assignment Agreement and the first of the three subordinate partial assignment agreements, relating to 25% of the property, and found in favour of the Company in that regard. However, the panel found that the statute of limitations did not apply in respect of the second and third subordinate partial assignment agreements, relating to 75% of the property, and declared a relative nullity in respect of those agreements with respect to the amounts greater than 500,000 Colombian pesos. The panel ordered SMLPL to pay 1,677,500,686 Colombian pesos to the Company, representing the amount paid by the Company to SMLPL under those two agreements less 1,000,000 Colombian pesos. In October 2013, the Company filed a motion with the Judicial District Tribunal Superior

Court of Bucaramanga for annulment of the arbitration panels' decision on the grounds that, among other things, the arbitration panel lacked jurisdiction to rule on the subordinate partial assignment agreements as they did not contain arbitration clauses and, in any event, the statute of limitations should have been applied to all subordinate partial assignment agreements as they were subordinate to the Assignment Agreement. In February 2014, a decision was rendered by the Judicial District Tribunal Superior Court with respect to the motion for annulment and the Company was not successful. The Company plans to file an action (Acción de Tutela) seeking the revocation of the decisions of the arbitration panel and Judicial District Tribunal Superior Court. While the Company believes the probability of a favorable decision in this action is more likely than not, the Company has determined that it is too early to predict the outcome of the action or the ultimate impact to the Company's rights with respect to the La Plata property. As Colombia's National Mining Agency has rejected the vendors' request to register the arbitration final ruling in order to obtain the cancellation of the partial assignment agreements of the 75% the property, the Company remains the registered owner of the entire La Plata property.

4. RESULTS OF OPERATIONS

	Year ended December 31, 2013	2012	Change	%	Notes
Exploration and evaluation expenses:					
Administrative expenses	$ 3,535	$ 6,343	$ (2,808)	(44%)	(a)
Salaries and benefits	3,140	6,575	(3,435)	(52%)	(b)
Feasibility studies	921	7,800	(6,879)	(88%)	(c)
Surface rights	914	206	708	345%	(d)
Drilling and field expenses	208	4,883	(4,675)	(96%)	(e)
Environmental expenses	(924)	853	(1,777)	(208%)	(f)
Depreciation	431	397	34	9%	
Other exploration and evaluation expenses	325	2,474	(2,149)	(87%)	(g)
	8,550	29,531	(20,981)	(71%)	
General and administrative expenses:					
Salaries and benefits	1,686	1,913	(227)	(12%)	(h)
Share-based compensation	961	1,719	(758)	(44%)	(i)
Other administrative expenses	1,443	1,791	(348)	(19%)	(j)
	4,090	5,423	(1,333)	(25%)	
Total expenses before other items	12,640	34,954	(22,314)	(64%)	
Other items:					
Other income	(132)	(264)	132	(50%)	
Finance expenses	353	427	(74)	(17%)	
Fair value change on warrant liabilities	(278)	(861)	583	(68%)	(k)
Foreign exchange (gain)/loss	(518)	915	(1,433)	(157%)	(l)
	(575)	217	(792)	(365%)	
Loss and comprehensive loss for the year	$12,065	$ 35,171	$ (23,106)	(66%)	

(a) The administrative costs declined by $2,808, or 44%, due primarily to the reduction in consulting services, a lower value for write-offs of the value tax recoverable due to lower exploration and evaluation activity, security costs, materials, transportation, public services and utilities, and other administrative costs.

(b) Salaries and benefits in Colombia decreased significantly as a consequence of the cost reduction strategy that commenced in September 2012 which saw a significant reduction in the work force in Colombia for the entire year in 2013 versus only part of 2012. The 2012 expenses include severance costs of approximately $888 being recognized in the third and fourth quarters of 2012. There were further cost reductions implemented in July 2013 which resulted in severance costs of approximately $291 and the share-based compensation expense decreased from approximately $270 to approximately $55.

(c) The most significant costs included in feasibility studies expenses for 2013 were approximately $400 related to páramo studies, approximately $138 related to a SAG mill optimization review, about $163 associated with a mine design optimization review, and approximately $170 in other consulting services. In 2012, feasibility costs were significantly higher due to the finalization of the PEA and work on the PFS for the underground project at Angostura.

(d) Surface rights costs increased due primarily to a difference in the timing of when these costs are recognized.

(e) Drilling and field costs decreased significantly as no drilling was performed during 2013. During the prior year, the Company incurred consulting services costs related to geotechnical studies and construction of roads and platforms and a total of 15,212 meters were drilled as the Company continued with its infill and geotechnical drilling program for the Angostura Project.

(f) Included in environmental costs is the impact of changes in the site restoration provision. During 2013, there was a decrease in the provision which resulted in a credit to environmental costs of approximately $959. In addition, there was a credit of $103 to environmental costs during the year as the Company won its appeal on an environmental penalty imposed in early 2012 for a purported breach of an environmental regulation.

(g) Included in other exploration and evaluation costs are costs related to civil works, geology, and assay and metallurgy. During 2013, activities were minimal whereas in the prior year there were repairs and maintenance to roads that were damaged by rainy conditions in the winter months and there was increased spending on sample testing for the infill drilling program and increased spending on metallurgic trials to support the PFS.

(h) Salaries and benefits in Canada also decreased due to the reduction of director's fees which commenced in July 2013 as well as reductions in the number of employees in the head office.

(i) Share-based compensation expenses for the period includes both share option expenses as well as share appreciation rights (SARs) expenses. Share-based compensation expenses are significantly lower in the year compared to the prior year primarily due to lower share option expenses. The fair value of the options granted in 2013 was lower than the fair value of options granted in 2012, primarily due to a lower share price, and this contributes to lower expenses in 2013. Furthermore, a significant portion of the options granted to the CEO when he joined the Company in 2012 vested immediately and were expensed immediately.

(j) Other administrative costs decreased in 2013 compared to 2012 due to approximately $169 lower audit and compliance expenses mainly due to the elimination of quarterly reviews and a reduction in cost of services; $88 reduction in travel-related costs; $92 reduction in consultant fees; and $79 reduction in legal fees. These decreases in costs were partially offset by about a $50 increase in rent expense and about $20 in investor relations departmental expenses.

(k) The number and expiry date of the outstanding warrants issued in connection with equity financings have remained constant year over year. The Company's share price declined by 33% during 2013 and declined by 52% during 2012 resulting in a gain on the change in the fair value of warrant liabilities in both periods. The amount of the gain is also impacted by the time decay in the valuation model as the warrants approach their expiry in March 2014.

(l) The foreign exchange gain/loss is primarily due to the retranslation of the Company's net monetary liability position denominated in COP. During 2013, the US dollar appreciated by 9% against the COP where during 2012, the US dollar depreciated by 9% against the COP. The net monetary liability position denominated in COP at the end of 2012 was 8% larger than the balance at the end of 2013.

Fourth Quarter

	Three months ended December 31, 2013	2012	Change	%	Notes
Exploration and evaluation expenses:					
Administrative expenses	$ 617	$ 890	$ (273)	(31%)	(m)
Salaries and benefits	608	1,429	(821)	(57%)	(n)
Feasibility studies	15	827	(812)	(98%)	(o)
Surface rights	109	42	67	162%	(p)
Drilling and field expenses	(4)	226	(230)	(102%)	(q)
Environmental expenses	(180)	619	(799)	(129%)	(r)
Depreciation	96	114	(18)	(16%)	
Other exploration and evaluation expenses	31	160	(129)	(81%)	(s)
	1,292	4,307	(3,015)	(70%)	
General and administrative expenses:					
Salaries and benefits	328	494	(166)	(34%)	(t)
Share-based compensation	47	291	(244)	(84%)	
Other administrative expenses	262	365	(103)	(28%)	(u)
	637	1,150	(513)	(45%)	
Total expenses before other items	1,929	5,457	(3,528)	(65%)	
Other items:					
Other income	(14)	(68)	54	(79%)	
Finance expenses	67	190	(123)	(65%)	
Fair value change on warrant liabilities	(14)	(205)	191	(93%)	(v)
Foreign exchange (gain)/loss	(5)	574	(579)	(101%)	(w)
	34	491	(457)	(93%)	
Loss and comprehensive loss for the period	$ 1,963	$ 5,948	$ (3,985)	(67%)	

(m) Administrative expenses declined by $273, or 31%, from the prior-year period due primarily to the reduction in consulting services, lower write-offs of the value tax recoverable due to lower exploration and evaluation activity, security costs, materials, transportation, public services and utilities, and other administrative costs.

(n) Salaries and benefits in Colombia decreased as a consequence of the cost reduction strategy implemented in September 2012 which resulted severance costs of about $195 being incurred in the fourth quarter of 2012. In addition, there were fewer employees during the fourth quarter 2013 compared to the prior-year quarter and there was approximately a $75 decrease in share-based compensation primarily due to employee departures in 2012.

(o) Feasibility studies costs are minimal in the fourth quarter of 2013, whereas in the same period in 2012 it included engineering costs and metallurgic trials costs associated with the Angostura PFS.

(p) Surface rights expenses increased due mainly to a difference in the timing of when these costs are recognized.

(q) Drilling costs decreased significantly as no drilling activities were performed during the fourth quarter of 2013. During the fourth quarter of 2012, drilling costs included contractor drilling, supplies and materials and consulting services related to geotechnical studies.

(r) Included in environmental costs is the impact of the current period's changes in the site restoration provision. During the fourth quarter 2013, there were revisions as to the anticipated timing for performing these activities and changes in the discount rates. All these changes in estimate resulted in a decrease in the provision of approximately $210, with an offsetting credit to environmental expenses.

(s) Included in other exploration and evaluation costs are costs related to civil works, geology, and assay and metallurgy. In the fourth quarter of 2013 activities were minimal, whereas in the prior-year period there was increased spending on sample testing for the infill drilling program and increased spending on metallurgic trials to support the Angostura PFS.

(t) Salaries and benefits in Canada decreased due to the reduction of director's fees which commenced in July 2013 as well as reductions in the number of employees in the head office in the fourth quarter 2013 compared to the prior-year period.

(u) Other administrative costs decreased in the fourth quarter 2013 compared to the prior-year quarter due to a $60 reduction in consultant fees associated with research, political and public relations, a $19 reduction in travel-related costs, and $16 reduction in investor relations departmental costs.

(v) The number and expiry date of the outstanding warrants issued in connection of equity financings has remained constant period over period. The Company's share price declined in both the fourth quarters of 2013 and 2012 by 13% and 22% respectively, as compared to the third quarters of 2013 and 2012, resulting in a gain on the change in the fair value of warrant liabilities for both periods. The amount of the gain is also impacted by the time decay in the valuation model as the warrants approach their expiry in March 2014.

(w) The foreign exchange gain in the fourth quarter of 2013 and the loss in 2012 were primarily due to the retranslation of the Company's net monetary liability position denominated in COP. During the fourth quarter of 2013, the US dollar appreciated by 1% whereas in 2012 the US dollar depreciated by almost 2% against the COP and the net monetary liability position was 8% smaller than in the fourth quarter of 2012.

5. SELECTED ANNUAL FINANCIAL INFORMATION

	As at and for the year ended December 31,		
	2013	2012	2011
Total assets	31,389	47,591	82,205
Total long-term liabilities	1,922	4,727	3,481
Loss and comprehensive loss	12,065	35,171	36,774
Basic and diluted loss per share	$0.14	$0.42	$0.44

There have been no distributions or cash dividends declared for the periods presented.

The decline in total assets over the three-year period is mainly due to the spending of cash on exploration and evaluation expenses. The Company has no operating revenue and relies primarily on equity financing to fund its activities. No funds have been raised during the last three years.

6. SUMMARY OF QUARTERLY RESULTS

	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Exploration and evaluation expenditures	1,292	1,758	1,858	3,641	4,082	7,455	7,807	9,967
General and administrative expenses	637	963	1,254	1,236	1,372	1,358	1,483	1,424
Other items	34	(63)	(731)	185	494	(877)	(1,757)	2,361
Net loss	1,963	2,658	2,381	5,062	5,948	7,936	7,533	13,752
Basic and diluted loss per share	0.02	0.03	$0.03	$0.06	$0.07	$0.09	$0.09	$0.16

In the first three quarters of 2012, exploration and evaluation costs were higher primarily due to ongoing work associated with completing the PEA and preparing the PFS as well as an infill and geotechnical drilling program for the Angostura Project. Exploration and evaluation costs declined in the fourth quarter of 2012 and continued this trend during 2013 mainly due to reduced activity associated with the PFS, winding down of the drilling program, and the cost reduction initiatives implemented by the Company. In the third quarter of 2013, further cost reduction initiatives were implemented, including the deferral of all discretionary spending on the Angostura Project and cessation of technical activities, including the completion of the PFS.

General and administrative costs have remained at relatively constant levels during 2012. In the first and second quarters of 2013, general and administrative costs are slightly lower than the previous quarters due to lower share-based compensation expenses. General and administrative costs decreased significantly in the third and fourth quarters of 2013 as a result of the cost reduction initiatives implemented.

There is a quarterly fluctuation in Other items principally due to changes in the fair market value of warrants issued in connection of equity financings; and fluctuation in exchange rates for the COP and Cdn$.

7. LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Cash Burn Rate

	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Cash used in operating activities	(2,375)	(3,521)	(4,799)	(4,217)	(7,531)	(8,348)	(9,696)	(9,064)
Cash (used in)/generated from investing activities	(73)	1,086	(2,008)	(27)	57	(158)	5,398	(350)
Effect of FX fluctuations on cash balances	12	(44)	55	(93)	(192)	212	46	58
Cash burn	(2,436)	(2,479)	(6,752)	(4,337)	(7,667)	(8,294)	(4,252)	(9,356)
Cash and cash equivalents	10,737	13,173	15,652	22,404	26,787	34,407	42,701	46,952
GICs > 90 days	87	90	1,907	91	46	46	46	5,704
Working capital	6,000	7,968	11,941	15,724	20,362	24,265	31,664	39,381

The cash burn for the year ended December 31, 2013 was $16,004, a significant decrease from the $29,569 cash burn for 2012. The decrease in the cash burn during the year is primarily due to the implementation of cost reduction initiatives:

- Deferral of all discretionary spending on the Angostura Project until the boundaries of the páramo as relates to Angostura's Project are formally declared. Technical activities, including the completion of the PFS, have been suspended. The Company plans to maintain its environmental and security programs at Angostura and to keep all permits in good standing.

- Decrease of general and administrative expenses in both Canada and Colombia through reductions in employee and consultant costs, in travel and marketing costs, and discretionary expenditures. Reduction in fees of non-executive members of the Board of Directors.

The Company has not yet achieved profitable operations and expects to incur further losses in the development of its business. The Company plans to implement further austerity measures in the coming fiscal year and, as a result of these measures, management expects the Company's quarterly cash burn in the first quarter of 2014 to be similar to the fourth quarter of 2013 and, beginning in the second quarter of 2014, continue its trend lower each consecutive quarter thereafter. The Company has $6,000 in working capital at December 31, 2013. Based on the Company's current cash flow forecasts, the Company expects to maintain a positive working capital throughout the course of 2014.

Management intends to monitor spending on an ongoing basis and will make appropriate changes as required in order to prolong the Company's ability to continue as a going concern. Management continues to explore financing sources in the form of equity; however, the current economic uncertainty and financial market volatility make it difficult to predict success. The ability of the Company to continue as a going concern is dependent upon the Company's ability to: arrange additional financing; favorably resolve the uncertainties surrounding the Angostura Project; complete the development of its property, including obtaining the necessary permits and other regulatory approvals; and achieve future profitable operations. These matters result in material uncertainties that may cast significant doubt on whether the Company will continue on as a going concern. Risk factors potentially influencing the Company's ability to raise equity financing include: metal prices, the political risk of operating in a foreign country including, without limitation, risks relating to permitting, and the buoyancy of the equity markets. For a more detailed list of risk factors, see the Company's most recent Annual Information Form.

Commitments

	2014	2015	2016	2017	2018	2019 and thereafter
Consulting & contract services	277	-	-	-	-	-
Operating leases	146	14	-	-	-	-
Site restoration provision (undiscounted)	20	84	74	74	287	2,188
Total	443	98	74	74	287	2,188

The Company has entered into various consulting engineering agreements for feasibility studies relating to the Angostura Project as well as agreements for drilling services. The terms of the consulting engineering agreements specify that the Company can suspend or cancel the agreements partially or totally. In the case that the Company suspends the contract for more than three months or due to a voluntary decision, the Company would have to pay to the consultant a maximum of 10% of the contract value as an estimate for damages. The amounts presented in the table above represent these penalties.

The amounts for site restoration presented in the table above represent the expenditures the Company expects to incur as a result of exploration activities to date.

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. We have disclosed certain of these uncertainties in note 13 and 17 of our financial statements. The Company does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which it may be required to pay damages in any form by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares issued without par value. The Company has issued warrants for the purchase of common shares and also has a stock option plan.

The following are outstanding as at March 6, 2014:

Common shares	84,228,421
Shares issuable on the exercise of outstanding warrants	2,835,686
Shares issuable on the exercise of outstanding stock options	5,251,840

8. FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating 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. These financial risks and the Company's exposure to these risks are provided in various tables in note 15 of our consolidated financial statements. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 3(d) and 9 of the consolidated financial statements.

9. TRANSACTIONS WITH RELATED PARTIES

Key management personnel

Key management personnel include the members of the Board of Directors and executive officers of the Company.

Certain executive officers are entitled to termination and change in control benefits. In the event of termination without sufficient advance written notice, these executive officers are entitled to an amount ranging from 3 to 24 months of their base compensation by way of lump sum payment and an amount ranging from zero to double the amount of the bonus payments, if any. In the event of a change in control, these executive officers are entitled to receive a lump sum payment ranging from 12 to 24 months of the their base compensation payment and an amount ranging from zero to double the amount of the bonus payments, if any, and all stock options held by these individuals will fully vest.

In the event of a sale of the Company transaction, an officer is entitled to a one-time bonus amount equal to 1% of any incremental value between the market capitalization of the Company at closing and that on the trading day immediately prior to July 1, 2012. Sale of the Company transaction means any of the following transactions approved by the Board and/or the shareholders of the Company: (1) any change of the holding of the voting securities of the Company whereby as a result of such change a person (not affiliated or associated with the Company within the meaning of applicable securities legislation or securities regulatory instruments) or a group of persons (none of which are affiliated or associated with the Company) acting in concert, hold or control, directly or indirectly, by or for the benefit of such person or persons, voting securities of the Company carrying more than 50% of the votes for the election of directors whether such change in the holding or control of such securities occurs by way of reorganization, recapitalization, consolidation, amalgamation, arrangement, merger, transfer, acquisition or otherwise; (2) the acquisition by a person (not affiliated or associated with the Company) or a group of persons (none of which are affiliated or associated with the Company) acting in concert, pursuant to a take-over bid, as defined in applicable securities legislation or securities regulatory instruments, of voting securities of the Company that, together with the voting securities of the Company already beneficially owned by such person or group, constitute 50% or more of the outstanding voting securities of the Company; (3) the sale or other disposition, whether by way of purchase, joint venture, exchange or otherwise, to any person (not affiliated or associated with the Company) or a group of persons (none of which are affiliated or associated with the Company) acting in concert, of assets of the Company, or interests therein, having a value greater than 50% of the fair market value of the assets of the Company and any subsidiaries on a consolidated basis determined as at the date of the entering into of the transaction; or (4) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its affiliates and another corporation or other entity as a result of which the holders of voting securities of the Company prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction.

Executive officers and directors also participate in the Company's share option program and one officer has share appreciation rights. Total compensation expense for key management personnel for the three months ended December 31, 2013 was $353 (2012 - $758) and for the year ended December 31, 2013 was $2,254 (2012 - $3,228).

Other related parties

Two members of the Board of Directors of the Company are employed by a shareholder who owns 20.8% of the outstanding shares of the Company as at December 31, 2013.

The aggregate value of transactions related to key management personnel and entities over which they have control or significant influence follows:

	Three months ended December 31,		Years ended December 31,	
	2013	2012	2013	2012
Fintec Holdings Corp.				
Directors fees	4	15	38	60
Salaries and benefits	-	-		188
	4	15	38	248
Quantum Advisory Partners LLP				
Salaries	-	47	16	199

Fintec Holding Corp. is a company owned by a director and, until June 30, 2012, the Company's Interim President & Chief Executive Officer.

Quantum Advisory Partners LLP is a partnership whose incorporated partner was the Company's Chief Financial Officer until the first quarter of 2013.

There was $4 payable to one Director as at December 31, 2013 (2012 - $15).

10. CRITICAL ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2(d) of our annual audited consolidated financial statements for the year ended December 31, 2012 for a more detailed discussion of the critical accounting estimates and judgments.

11. CHANGES IN ACCOUNTING POLICIES

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2013.

The adoption of the following new IFRS pronouncement resulted in enhanced financial statement disclosures in the Company's annual consolidated financial statements. This pronouncement does not affect the Company's financial results nor does it result in adjustments to previously-reported figures.

- IFRS 13, "Fair Value Measurements"

IFRS 13 defines fair value and sets out a single framework for measuring fair value which is applicable to all IFRSs that require or permit fair value measurements. It also enhances disclosures about fair value measurements.

The adoption of IFRS 13 did not have an effect on the consolidated financial statements for the year. The enhanced disclosure requirements of IFRS 13 about fair values of financial assets and liabilities measured on a recurring basis and non-financial assets and liabilities measured on a non-recurring basis did not have a significant effect on the annual consolidated financial statements for the year ended December 31, 2013.

The adoption of the following new or amended IFRS pronouncements did not affect the Company's financial results or disclosures as the Company's analysis determined that no changes were required to its existing accounting treatment.

- IFRS 10, "Consolidated Financial Statements"
- IFRS 12, "Disclosure of Interests in Other Entities"
- IFRS 11, "Joint Arrangements"
- IAS 1, "Presentation of Financial Statements"
- IAS 19, "Employee Benefits"

12. INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company under Canadian Securities laws is recorded, processed, summarized and reported within the time periods specified under those laws and include controls and procedures designed to ensure such information is accumulated and communicated to management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), to allow timely decisions regarding required disclosure.

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the design and effectiveness of the Company's disclosure controls and procedures as of December 31, 2013, and based upon this evaluation, the CEO and the CFO have concluded that these disclosure controls and procedures, as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, are effective for the purposes set out above.

Internal Controls over Financial Reporting

Management is responsible for the establishment, maintenance and testing of adequate internal controls over financial reporting ("ICFR") 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.

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has conducted an evaluation of the design and the effectiveness of the Company's internal control over financial reporting as of December 31, 2013 based on Internal Control – Integrated Framework that was published in 1992 by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management concluded that the Company's internal control over financial reporting, as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

There has been no change in our internal controls over financial reporting during the year ended December 31, 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

13. RISKS AND UNCERTAINTIES

In addition to the usual risks associated with an investment in a mineral exploration and development company, the directors of the Company believe that, in particular, the risk factors set out below should be considered. It should be noted that this list is not exhaustive and that other risk factors may apply. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors of the Company are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects could be materially adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment. An investment in the Company may not be suitable for all investors.

Financing Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration or for further development of the Angostura Project. Further exploration and development will be dependent upon the Company's ability to obtain financing through joint venturing, equity or debt financing or other means. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain required financing could result in delay or indefinite postponement of further exploration and development of its projects and the possible loss of such properties.

Areas Excluded from Mining Activities

The current Colombian mining regime, including the National Development Plan, provides for areas to be excluded from mining activities. This could materially affect development of the Angostura Project as envisioned by the Updated Preliminary Economic Assessment. In January 2013, CDMB declared the Park and approved its boundaries. The Park is an area excluded from mining and will affect development of the Angostura Project. MADS is currently working on delineating the ultimate boundaries of the páramo ecosystem in the area of the Angostura Project. Once defined, the páramo ecosystem will also be an area excluded from mining and could further affect development of the Angostura Project. There is no assurance that development of the Angostura Project as currently envisioned by the Company will be permitted. If development of the Angostura Project is permitted with modifications to accommodate the areas excluded from mining, such accommodation may result in additional costs and/or delays, which could materially affect the commercial viability and profitability of future operations.

Dependence on One Principal Exploration-Stage Property

The Company's current efforts are focused primarily on the Angostura Project, which is in the exploration stage. The Angostura Project may not develop into a commercially viable ore body, which would have a material adverse effect on the Company's potential mineral resource production, profitability, financial performance and results of operations.

Environmental and Other Regulatory Requirements

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving to stricter standards, and enforcement, fines and penalties for noncompliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The exploration and development activities of the Company require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing exploration, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety, mine permitting and other matters. Companies engaged in exploration and development activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits that the Company may require for exploration and development will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Company may undertake. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities and that it does not currently have any material environmental obligations. However, there may be unforeseen environmental liabilities resulting from exploration, development and/or mining activities and these may be costly to remedy.

Other than the environmental mining insurance policies required by law for mining title, the Company does not maintain insurance against all environmental risks. As a result, any claims against the Company may result in liabilities that could have a significant adverse effect on the operations and financial condition of the Company.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

Foreign Country and Political Risk

The Company's only mineral properties are located in Colombia. The Company is subject to certain risks, including currency fluctuations, possible political or economic instability that may result in the impairment or loss of mineral titles or other mineral rights, opposition from environmental or other non-governmental organizations, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. Exploration and development may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, royalties on production, expropriation of property, environmental legislation and mine and/or site safety.

Colombia remains a developing country. Notwithstanding the progress achieved in restructuring Colombian political institutions and revitalizing its economy, the present administration, or any successor government, may not be able to sustain progress achieved. Although the Colombian economy has experienced growth in recent years, if the economy of Colombia fails to continue growth or suffer recession, it may have an adverse effect on the Company's operations in that country. The Company does not carry political risk insurance.

Colombia has in the past experienced a difficult security environment. In particular, various illegal groups involved in terrorism, illegal narcotics production and trafficking, extortion and kidnapping have been active in the regions in which the Company's mineral properties are located. There have been significant improvements in security since 2002 and in the area where Eco Oro is active, the situation has been relatively stable. If the security improvements are not maintained, it could have an adverse effect on the Company's continued operations in the area.

Exploration and Mining Risks

The business of exploring for minerals and mining involves a high degree of risk. Only a small proportion of the properties that are explored may ultimately develop into producing mines. The operations of the Company may be disrupted by a variety of risks and hazards that are beyond the control of the Company, including, but not limited to, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour as well as other risks involved in the operation of mines and the conduct of exploration programs. As Colombia is a developing country, which lacks the necessary local expertise, the Company has relied, and may continue to rely, upon consultants and others for operating expertise. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including, but not limited to, regulations relating to taxes, royalties, allowable production, importing and exporting of minerals and environmental protection. Short-term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions or in production-scale operations. Material changes in reserves or resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. Depending on the price of gold or other minerals produced, which have fluctuated widely in the past, the Company may determine that it is impractical to commence or continue commercial production.

Limited Experience with Development-Stage Mining Operations

The Company has limited previous experience in placing mineral properties into production and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other resource companies that can provide such expertise. There can be no assurance that the Company will have access to the necessary expertise when and if it places any of its mineral properties into production.

Estimates of Mineral Resources and Production Risks

The mineral resource estimates included in this Annual Information Form are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit that can be legally and economically exploited. In addition, the grade of mineralization that may ultimately be mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. The estimated resources described in this Annual Information Form should not be interpreted as assurances of commercial viability or potential or of the profitability of any future operations.

Labour Issues

The Company's collective agreement with Sintramisan is in effect until December 31, 2014, subject to earlier termination if the Company obtains the permits and licenses required to commence mining operations prior to that date. In the event of earlier termination of this agreement, the Company would be required to negotiate a further collective agreement with Sintramisan. Although the Company would seek to execute a favourable agreement with Sintramisan, development costs at the Company's operations in Colombia could increase. In addition, if collective bargaining were to prove unsuccessful, a work stoppage could result, which could have a material adverse effect on the Company's business, financial condition or results of operations.

Metal Prices

Even if commercial quantities of proven and probable reserves are discovered, there is no guarantee that a profitable market may exist for the sale of the same. Factors beyond the control of the Company may affect the marketability of any substances discovered. Metal prices have fluctuated widely, particularly in recent years. The marketability of metals is also affected by numerous other factors beyond the control of the Company, including government regulations relating to price, royalties, allowable production and importing and exporting of minerals, the effect of which cannot accurately be predicted. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has an interest may be mined at a profit.

Uninsured Risks

In the course of exploration, development and production of mineral properties, certain risks, in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fire, flooding and earthquakes, may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability, result in increased costs, have a material adverse effect on the Company's results, and/or result in a decline in the value of the securities of the Company.

Competition

The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of exploration and development rights on desirable mineral properties as well as for the recruitment and retention of qualified employees. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring exploration and development rights on such properties or to recruit and retain such employees.

Title Matters

The acquisition of title to mineral titles in Colombia is a detailed and time-consuming process. Although the Company has diligently investigated title to all mineral tenures and, to the best of its knowledge, title to all of its properties is in good standing, this should not be construed as a guarantee of title. Other parties may dispute title to any of the Company's mineral properties and any of the Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected encumbrances or defects or governmental actions. Title to the Company's properties may also be affected by undisclosed and undetected defects. In every case in which the Company has detected a defect, a risk assessment has been performed, and none of them had been classified as high-risk. In addition, all corrective measures are being implemented on detected defects.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Company. The Company does not have key person insurance on these individuals.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration, or development-stage companies such as the Company, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Litigation Risk

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which the Company may become subject could have a material effect on the Company's financial position, results of operations or the Company's property development.

Currency Fluctuations

The Company's operations in Colombia make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company reports its financial results in U.S. dollars with the majority of transactions denominated in U.S. dollars, Canadian dollars and Colombian pesos. As the exchange rates between the Colombian peso and the Canadian dollar fluctuate against U.S. dollar, the Company will experience foreign exchange gains or losses. The Company does not use an active hedging strategy to reduce the risk associated with currency fluctuations.

No Dividends

Any payments of dividends will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Company's board of directors may consider appropriate in the circumstances. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

Enforcement of Civil Liabilities

Substantially all of the assets of the Company are located outside of Canada and certain of the directors and officers of the Company are resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the directors and officers of the Company residing outside of Canada.

14. FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Annual Information Form constitute forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold and silver, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of estimated future production, anticipated costs of production, estimated capital expenditures, estimated internal rates of return, success of exploration activities, currency fluctuations, requirements for additional capital, government regulation of mining operations and environmental risks or claims. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks relating to the Company's ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities; actual results of current exploration activities; 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; failure of plant, equipment or processes to operate as anticipated; 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 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, as well as those factors discussed in the section entitled "Risk Factors" below. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management as of the date the statements are made, including, without limitation, the assumed long-term price of gold, that the Company can access financing, that all required permits and approvals for development of its mineral properties will be received and that the political environment in Colombia will continue to support the development and operation of mining projects, and the Company does not assume any obligation to update any forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, readers should not place undue reliance on forward-looking statements.