



**ECO ORO MINERALS CORP.**

**Consolidated Financial Statements**

**Year Ended December 31, 2015**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Eco Oro Minerals Corp.

We have audited the accompanying consolidated financial statements of Eco Oro Minerals Corp., which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statement of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.



### ***Opinion***

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Eco Oro Minerals Corp. as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### ***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Notes 1 and 12 in the consolidated financial statements which describe that the Company has incurred cumulative losses of \$292.8 million as at December 31, 2015, has reported a total comprehensive loss of \$2.6 million during the year ended December 31, 2015, and is subject to certain legal, regulatory and environmental challenges relating to its principal mineral property in Colombia. These conditions, along with other matters set forth in Note 1 and Note 12, indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

### ***Other Matters***

The audited financial statements as at December 31, 2014 and 2013 and for the year ended December 31, 2014, were examined by other auditors who expressed an opinion without reservation on those statements in their report dated March 26, 2015. We have audited the adjustments related to the change in presentation currency in the 2014 financial statements and the 2013 statement of financial position and in our opinion, such adjustments, in all material respects, are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the financial statements of the Company as at December 31, 2014 and 2013 and for the year ended December 31, 2014 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the financial statements as at December 31, 2014 and 2013 and for the year ended December 31, 2014 taken as a whole.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

March 11, 2016

**Eco Oro Minerals Corp.**  
**Consolidated Statements of Financial Position**  
**(Expressed in thousands of Canadian dollars)**

<i>As at</i>	<b>December 31, 2015</b>	December 31, 2014	December 31, 2013
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 1,669	\$ 2,728	\$ 11,423
Guaranteed investment certificate	35	35	93
Accounts receivable	14	3	3
Other assets	93	135	67
	<b>1,811</b>	<b>2,901</b>	<b>11,586</b>
<b>Non-current assets</b>			
Plant and equipment (note 4)	2,161	2,191	2,237
Exploration and evaluation assets (note 5)	24,833	21,418	19,572
	<b>26,994</b>	<b>23,609</b>	<b>21,809</b>
<b>TOTAL ASSETS</b>	<b>\$ 28,805</b>	<b>\$ 26,510</b>	<b>\$ 33,395</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	\$ 1,064	\$ 1,419	\$ 2,303
Amounts payable on exploration and evaluation asset acquisition	951	1,064	1,187
Current portion of site restoration provision (note 6)	361	680	21
Equity tax liability	-	-	1,691
	<b>2,376</b>	<b>3,163</b>	<b>5,202</b>
<b>Non-current liabilities</b>			
Long-term employee benefits	22	24	28
Site restoration provision (note 6)	3,864	5,077	2,017
	<b>3,886</b>	<b>5,101</b>	<b>2,045</b>
<b>TOTAL LIABILITIES</b>	<b>6,262</b>	<b>8,264</b>	<b>7,247</b>
<b>EQUITY</b>			
Share capital (note 8)	\$ 321,320	\$ 266,319	\$ 266,319
Equity reserve	31,396	24,910	24,516
Deficit	(292,774)	(273,362)	(263,153)
Accumulated other comprehensive income (loss)	(37,399)	379	(1,534)
<b>TOTAL EQUITY</b>	<b>22,543</b>	<b>18,246</b>	<b>26,148</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>\$ 28,805</b>	<b>\$ 26,510</b>	<b>\$ 33,395</b>

*Commitments and contingencies (notes 12 and 15(b))*

*Subsequent events (notes 9 and 12)*

*The accompanying notes are an integral part of these consolidated financial statements.*

**Eco Oro Minerals Corp.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in thousands of Canadian dollars)**

	<b>For the years ended</b>	
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Exploration and evaluation expenses:</b>		
Administrative expenses	\$ 985	\$ 817
Depreciation	396	477
Drilling and field expenses	33	(129)
Other exploration and evaluation expenses	189	49
Salaries, benefits and share-based compensation	2,578	2,369
Site restoration and maintenance expenses	84	5,135
Surface rights	565	634
Technical studies	284	(339)
	<b>5,114</b>	<b>9,013</b>
<b>General and administrative expenses:</b>		
Audit, legal and other professional fees	483	446
Other administrative expenses	295	356
Regulatory and transfer agent fees	69	64
Rent	31	138
Salaries and benefits	467	919
Share-based compensation	749	394
Travel	231	107
	<b>2,325</b>	<b>2,424</b>
<b>Total expenses before other items</b>	<b>7,439</b>	<b>11,437</b>
<b>Other items</b>		
Equity tax (note 7)	147	-
Finance cost (note 11)	440	322
Foreign exchange gain	(2,363)	(1,495)
Loss on disposal of property, plant and equipment	-	24
Other income (note 10)	(11)	(79)
	<b>(1,787)</b>	<b>(1,228)</b>
<b>LOSS FOR THE YEAR</b>	<b>\$ 5,652</b>	<b>\$ 10,209</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Foreign currency translation differences for foreign operations	\$ (3,031)	\$ (1,913)
<b>TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>\$ 2,621</b>	<b>\$ 8,296</b>
<b>Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)</b>		
(warrants and options not included as the impact would be anti-dilutive)	\$ 0.06	\$ 0.12
<b>Weighted average number of common shares outstanding</b>	<b>90,092,282</b>	<b>84,288,421</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**Eco Oro Minerals Corp.**  
**Consolidated Statements of Cash Flows**  
**(Expressed in thousands of Canadian dollars)**

	<b>For the years ended</b>	
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Cash flows provided from (used by):</b>		
<b>OPERATING ACTIVITIES</b>		
<b>Net loss for the year</b>	\$ (5,652)	\$ (10,209)
<b>Adjustments for:</b>		
Change in site restoration provision	(1,345)	4,221
Equity tax expense	147	-
Change in non-cash working capital items (note 13)	(173)	(841)
Depreciation	396	477
Loss on disposal of property and equipment	-	24
Non-cash finance expenses	425	303
Other non-cash income and expenses	(10)	(33)
Remediation expenditures	(19)	(27)
Share-based compensation	975	394
Equity tax paid	(147)	(1,774)
<b>Net cash flows used in operating activities</b>	<b>(5,403)</b>	<b>(7,465)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds on issuance of common shares, net of cash share issue costs (note 8)	5,943	-
<b>Net cash flows from financing activities</b>	<b>5,943</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation asset acquisition	(39)	(23)
Interest received	10	32
Purchase of property, plant and equipment	(25)	(260)
Redemption of guaranteed investment certificate	-	59
<b>Net cash flows used in investing activities</b>	<b>(54)</b>	<b>(192)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(1,545)</b>	<b>(1,038)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,059)</b>	<b>(8,695)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,728</b>	<b>11,423</b>
<b>Cash and cash equivalents, end of year (note 13)</b>	<b>\$ 1,669</b>	<b>\$ 2,728</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**Eco Oro Minerals Corp.**  
**Consolidated Statements of Changes in Equity**  
**(Expressed in thousands of Canadian dollars)**

	Share capital		Equity Reserves		Total	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
	Number of shares	Amount	Contributed Surplus	Warrants				
<b>Balance at December 31, 2013</b>	<b>84,228,421</b>	<b>\$ 266,319</b>	<b>\$ 23,951</b>	<b>\$ 565</b>	<b>\$ 24,516</b>	<b>\$ (263,153)</b>	<b>\$ (1,534)</b>	<b>\$ 26,148</b>
Reclassification of grant-date fair value on expired or cancelled warrants	-	-	248	(248)	-	-	-	-
Share-based payments	-	-	394	-	394	-	-	394
Net loss for the year	-	-	-	-	-	(10,209)	-	(10,209)
Other comprehensive loss for the year	-	-	-	-	-	-	1,913	1,913
<b>Balance at December 31, 2014</b>	<b>84,228,421</b>	<b>\$ 266,319</b>	<b>\$ 24,593</b>	<b>\$ 317</b>	<b>\$ 24,910</b>	<b>\$ (273,362)</b>	<b>\$ 379</b>	<b>\$ 18,246</b>
<b>Balance at December 31, 2014</b>	<b>84,228,421</b>	<b>\$ 266,319</b>	<b>\$ 24,593</b>	<b>\$ 317</b>	<b>\$ 24,910</b>	<b>\$ (273,362)</b>	<b>\$ 379</b>	<b>\$ 18,246</b>
Shares issued for cash - private placement	11,275,661	6,073	-	-	-	-	-	6,073
Share issue costs	-	(130)	-	-	-	-	-	(130)
Shares issued for cash - stock option exercise	29,462	11	(11)	-	(11)	-	-	-
Reclassification of grant-date fair value on expired or cancelled warrants	-	-	84	(84)	-	-	-	-
Share-based payments	-	-	975	-	975	-	-	975
Net loss for the year	-	-	-	-	-	(5,652)	-	(5,652)
Other comprehensive loss for the year	-	-	-	-	-	-	3,031	3,031
Effect of changing functional currency	-	49,047	5,522	-	5,522	(13,760)	(40,809)	-
<b>Balance at December 31, 2015</b>	<b>95,533,544</b>	<b>\$ 321,320</b>	<b>\$ 31,163</b>	<b>\$ 233</b>	<b>\$ 31,396</b>	<b>\$ (292,774)</b>	<b>\$ (37,399)</b>	<b>\$ 22,543</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**Eco Oro Minerals Corp.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2015**  
**(Expressed in thousands of Canadian dollars)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

**Nature of operations**

Eco Oro Minerals Corp. (the "Company") is a publicly-listed company incorporated in Canada under the legislation of the Province of British Columbia. The Company's registered office is located at Suite 1800 - 510 West Georgia Street, Vancouver, British Columbia, Canada, V6B 0M3. The consolidated financial statements of the Company as at and for the year ended December 31, 2015 are comprised of the Company and its Colombian branch. The Company's principal business activities include the acquisition, exploration and development of mineral assets in Colombia. The Company's focus is on the development of the Angostura Project in northeastern Colombia which consists of the main Angostura deposit and five satellite prospects: Armenia, La Plata, Agua Limpia, Violetal and Móngora.

**Going concern**

At December 31, 2015, the Company had working capital deficiency of \$565 and had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the year ended December 31, 2015, the Company reported a comprehensive loss of \$2,621 and as at December 31, 2015, had an accumulated deficit of \$292,774. Cash and cash equivalents used in operating activities for the year ended December 31, 2015 was \$5,403. The ability of the Company to continue as a going concern is dependent upon its ability to: arrange additional financing; favorably resolve the uncertainties surrounding the Angostura Project (note 12); complete the development of its property, including obtaining the necessary permits and other regulatory approvals; and achieve future profitable operations. There are no assurances that the Company will be successful in its efforts to secure additional financing. These matters result in material uncertainties which may cast significant doubt on whether the Company will continue as a going concern. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

**2. BASIS OF PREPARATION**

**Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors and authorized for issue on March 11, 2016.

**Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments and liabilities for cash-settled share-based payment arrangements, which are measured at fair value.



## 2. BASIS OF PREPARATION (CONTINUED)

### Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars ("CAD") which is the functional currency of the Company. The functional currency of the Colombian branch and its subsidiaries is Colombian peso ("COP").

### Change in functional currency and presentation currency

These consolidated financial statements are presented in CAD. The functional currency of the Company and its branch as of September 30, 2015 was US dollars ("USD"). Effective October, 2015, the functional currency of the Company and its branch was changed from USD to CAD and COP, respectively.

In making the change in functional currency to CAD for the Company and COP for the branch, the Company followed the guidance in IAS 21 The Effects of Changes in Foreign Exchange Rates and have applied the change prospectively with the October 1, 2015 statement of financial position translated at the October 1, 2015 exchange rate of USD 1 = CAD 1.3412 and USD 1 = COP 3,053. The change in functional currency was triggered by a significant change in the principal currency type of the Company's cash outflows, which resulted in the primary economic environment becoming predominantly the Canadian dollar.

In conjunction with the change in functional currency, the Company changed its presentation currency from the USD to CAD on October 1, 2015 to better reflect the Company's business activities. In making this change in presentation currency to CAD, the Company followed the guidance in IAS 21, and has applied the change retrospectively as if the CAD had always been the Corporation's presentation currency, as follows:

- Assets and liabilities have been translated into the CAD at the rate of exchange prevailing at the respective reporting dates;
- The statements of comprehensive loss were translated at the average exchange rates for the respective reporting periods, or at the exchange rates prevailing at the applicable transaction date;
- Equity transactions have been translated at the exchange rate prevailing at the date of the transactions; and
- Exchange differences arising on translation were recorded in accumulated other comprehensive loss in shareholders' equity.

The Company has presented a third statement of financial position as at December 31, 2013 without the related notes except for the disclosure requirements outlined in IAS 1 *Presentation of Financial Statements*. In addition, the comparative figures on the statement of operations were amended to conform to the current presentation.

## 2. BASIS OF PREPARATION (CONTINUED)

### Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

- **Site restoration provision (note 6)**

The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine or exploration property. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- **Measurement of liabilities for share-based payment arrangements (note 9)**

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- **Recovery of deferred tax assets (note 3(m) and 16)**

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement.

Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

## 2. BASIS OF PREPARATION (CONTINUED)

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- **Determination of going concern (note 1)**  
The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.
- **Determination of functional currency**  
In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currency of the Company and its subsidiaries is Canadian dollar and Colombian peso, respectively, as this is the currency of the primary economic environment in which the Company operates.
- **Recoverability of exploration and evaluation assets (note 3g and 5)**  
While assessing whether any indications of impairment exist for evaluation and exploration assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of evaluation and exploration assets. Internal sources of information include the manner in which evaluation and exploration assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's evaluation and exploration assets.

### Segment disclosures

The Company's operations comprise a single reporting operating segment engaged in the acquisition, exploration and development of assets in Colombia. As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

#### **a) Basis of consolidation**

These consolidated financial statements include the accounts of the Company, its Colombian branch and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

#### **b) Foreign currency transactions**

Transactions in foreign currencies are translated to CAD and COP, the functional currency of Company and its branch, respectively, at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate on that date.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss.

#### **c) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

#### **d) Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial instrument when the contractual obligations or rights are discharged, cancelled, transferred or expire.

The Company classifies its financial instruments into the following categories:

##### *Financial instruments at fair value through profit or loss ("FVTPL")*

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as FVTPL unless they are designed as effective hedges. The Company has issued share purchase warrants in connection with the issuance of equity as well as share appreciation rights which meet the definition of derivatives liabilities and are, therefore, classified as FVTPL prior to their exercise and expiry dates.

Financial instruments at FVTPL are initially recognized, and subsequently carried, at fair value with changes recognized in profit or loss. Transaction costs are expensed as incurred.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### d. Financial instruments (continued)

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category include cash and cash equivalents, guaranteed investment certificates and accounts receivable.

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

##### *Other financial liabilities*

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. Liabilities in this category include trade and other payables and amounts payable on exploration and evaluation asset acquisition.

#### e. Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

- |                    |           |
|--------------------|-----------|
| • Buildings        | 20 years  |
| • Field equipment  | 3-5 years |
| • Office equipment | 3 years   |
| • Transport        | 5 years   |

Construction in progress ("CIP") includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. CIP includes advances on long-lead items. CIP is not depreciated. Once the asset is complete and available for use, the costs of construction are transferred to the appropriate category of property, plant and equipment, and depreciation commences.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### f. Exploration and evaluation

The Company's exploration and evaluation ("E&E") assets are classified as either tangible or intangible. Tangible assets comprise land. Intangible assets comprise mineral property surface rights, mining titles, exploration licenses, exploitation permits, and concession contracts.

All direct costs related to the acquisition of mineral property interests are capitalized. E&E expenditures incurred prior to the determination of feasibility and a decision to proceed with development are charged to profit and loss as incurred. Subsequent to a positive development decision, development expenditures are capitalized as tangible assets and depreciated when such assets are put in use.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### g. Impairment

##### *Financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty
- Default or delinquency in interest or principal payments
- It has become probable that the borrower will enter bankruptcy or financial reorganization

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding accounts receivable, is directly reduced by the impairment loss. The carrying amount of accounts receivable is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

##### *Non-financial assets*

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that the assets are impaired. For exploration and evaluation assets (and tangible assets related thereto such as plant and equipment), the Company considers the following indicators of impairment: (i) whether the period for which the Company has the right to explore has expired in the period or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditures on further exploration for and evaluation of mineral resources is neither budgeted nor planned; (iii) exploration and evaluation have not led to the discovery of commercially viable mineral resources and activities are to be discontinued; (iv) sufficient data exists to indicate that, although a development in the area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale; and (v) other factors that may be applicable such as a significant drop in metal prices or deterioration in the availability of equity financing. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate largely independent cash inflows, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **g. Impairment (continued)**

Recoverable amount is the higher of fair value less costs to dispose, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

An impairment loss recognized in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro-rata basis.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **h. Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

##### *Site restoration*

The site restoration provision at the date of the statement of financial position represents management's best estimate of the present value of the future site restoration costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the site restoration provision and associated asset. To the extent that the site restoration provision was created due to exploration activities which do not yet qualify for capitalization, the amount of the associated asset is reduced immediately by a charge to exploration expenses for the same amount.

#### **i. Interest income and finance costs**

Interest income is recognized as it accrues in profit or loss using the effective interest method.

Finance costs comprise unwinding of the discount on provisions and changes in the fair value of financial liabilities at fair value through profit or loss.

Foreign currency gains and losses are reported on a net basis.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j. Share capital**

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price at the acquisition date and at the date of issuance for other non-monetary transactions. For proceeds received from the issuance of compound equity instruments such as units comprised of common shares and warrants, the Company allocates the proceeds using the residual method whereby the proceeds allocated to the warrants is based on their Black-Scholes fair value with the remaining proceeds allocated to common shares.

**k. Loss per share**

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted-average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted-average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

**l. Share-based payments arrangements**

The grant-date fair value of options awarded is recognized as expense over the vesting period, with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

The fair value of the amount payable in respect of share appreciation rights, which are settled in cash, is recognized as an expense over the period the award holders become entitled to payment based on the most likely outcome, with a corresponding increase in liabilities. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights, with any changes in the liability recognized as expense in the period.

The Company's share purchase warrants issued as compensation for mineral property acquisitions or services are classified as equity and measured at the fair value at grant date with no subsequent remeasurement.

**m. Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except for items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.



### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **m. Income taxes (continued)**

The amount of deferred tax reflects the expected manner of realization or settlement of the carrying amount of assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets that are recognized are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **n. Adoption of new and amended accounting standards**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2015.

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

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9.

#### **o. New accounting standards not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2016. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company and are being evaluated to determine their impact:

- The IASB issued amendments to IAS 16 Property, Plant and Equipment, and IAS 38 Intangible Assets to address depreciation and amortization methods which are based on revenue. The amendment to IAS 16 prohibits the use of a revenue-based depreciation method as this reflects a pattern other than the consumption of economic benefits consumed through the use of the asset. The amendment to IAS 38 introduces a rebuttable presumption that a revenue based amortization method for intangible assets is inappropriate. This presumption can be overcome only if the intangible asset is expressed as a measure of revenue or it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2016. Early application of this standard is permitted.
- Amendments to IFRS 11 Joint arrangements provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 Business Combinations and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance. The amendment is effective for annual reporting periods beginning on or after January 1, 2016.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**o. New accounting standards not yet adopted (continued)**

- IFRS 15 Revenue from Contracts with Customers will replace IAS 18 Revenue and IAS 11 Construction Contracts. The new standard provides guidance on whether revenue is to be recognized over time or at a point in time, and expands and improves disclosures about revenue. The standard does not apply to certain contracts such as lease, insurance, financing arrangements, and guarantees other than product warranties. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2017. Early application of this standard is permitted.
- IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018. Early application of this standard is permitted.

**4. PLANT AND EQUIPMENT**

	Buildings	Field Equipment	Office Equipment	Transport	CIP	Total
<b>Cost</b>						
As at December 31, 2014	\$ 1,934	\$ 2,354	\$ 676	\$ 314	\$ 9	\$ 5,287
Additions	-	-	-	-	25	25
Disposals	-	(90)	-	-	-	(90)
Transfer between categories	-	34	-	-	(34)	-
Effect of movements in exchange rates	311	381	108	58	-	858
<b>Balance as at December 31, 2015</b>	<b>\$ 2,245</b>	<b>\$ 2,679</b>	<b>\$ 784</b>	<b>\$ 372</b>	<b>\$ -</b>	<b>\$ 6,080</b>
<b>Depreciation</b>						
As at December 31, 2014	\$ (312)	\$ (1,814)	\$ (656)	\$ (314)	\$ -	\$ (3,096)
Charged for the year	(110)	(268)	(18)	-	-	(396)
Eliminated on disposal	-	90	-	-	-	90
Effect of movements in exchange rates	(46)	(307)	(106)	(58)	-	(517)
<b>Balance as at December 31, 2015</b>	<b>\$ (468)</b>	<b>\$ (2,299)</b>	<b>\$ (780)</b>	<b>\$ (372)</b>	<b>\$ -</b>	<b>\$ (3,919)</b>
<b>Net book value</b>						
As at December 31, 2014	\$ 1,622	\$ 540	\$ 20	\$ -	\$ 9	\$ 2,191
<b>As at December 31, 2015</b>	<b>\$ 1,777</b>	<b>\$ 380</b>	<b>\$ 4</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,161</b>

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**4. PLANT AND EQUIPMENT (CONTINUED)**

	Buildings	Field Equipment	Office Equipment	Transport	CIP	Total
<b>Cost</b>						
As at December 31, 2013	\$ 637	\$ 2,147	\$ 629	\$ 332	\$ 897	\$ 4,642
Additions	-	-	-	-	260	260
Disposals	-	-	(11)	(46)	-	(57)
Transfer between categories	1,175	7	-	-	(1,182)	-
Effect of movements in exchange rates	122	200	58	28	34	442
<b>Balance as at December 31, 2014</b>	<b>\$ 1,934</b>	<b>\$ 2,354</b>	<b>\$ 676</b>	<b>\$ 314</b>	<b>\$ 9</b>	<b>\$ 5,287</b>
<b>Depreciation</b>						
As at December 31, 2013	\$ (217)	\$ (1,343)	\$ (548)	\$ (297)	-	\$ (2,405)
Charged for the year	(71)	(327)	(65)	(14)	-	(477)
Eliminated on disposal	-	-	11	22	-	33
Effect of movements in exchange rates	(24)	(144)	(54)	(25)	-	(247)
<b>Balance as at December 31, 2014</b>	<b>\$ (312)</b>	<b>\$ (1,814)</b>	<b>\$ (656)</b>	<b>\$ (314)</b>	<b>\$ -</b>	<b>\$ (3,096)</b>
<b>Net book value</b>						
As at December 31, 2013	\$ 420	\$ 804	\$ 81	\$ 35	\$ 897	\$ 2,237
<b>As at December 31, 2014</b>	<b>\$ 1,622</b>	<b>\$ 540</b>	<b>\$ 20</b>	<b>\$ -</b>	<b>\$ 9</b>	<b>\$ 2,191</b>

**5. EXPLORATION AND EVALUATION ASSETS**

<b>Balance as at December 31, 2013</b>	<b>\$ 19,572</b>
Additions	23
Effect of movements in exchange rates	1,823
<b>Balance as at December 31, 2014</b>	<b>\$ 21,418</b>
Additions	39
Effect of movements in exchange rates	3,376
<b>Balance as at December 31, 2015</b>	<b>\$ 24,833</b>

The Company's focus is on the development of the Angostura Project in northeastern Colombia which consists of the main Angostura deposit (note 12(b)) and five satellite prospects: Armenia, La Plata, Agua Limpia, Violetal and Móngora.

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**6. SITE RESTORATION PROVISION**

During the years ended December 31, 2015 and 2014, there were changes in the extent of the required rehabilitation activities, timing of these activities, changes in discount rates and foreign exchange rate as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Beginning of year, current and long-term</b>	<b>\$ 5,757</b>	<b>\$ 2,038</b>
Decrease in liability due to changes in estimate	(1,345)	4,221
Liabilities incurred during the year	-	-
Remediation work performed	(19)	(27)
Unwinding of discount	425	236
Changes in foreign exchange rates	(593)	(711)
<b>End of year, current and long-term</b>	<b>\$ 4,225</b>	<b>\$ 5,757</b>
Current portion	\$ 361	\$ 680
Long-term portion	3,864	5,077
	<b>\$ 4,225</b>	<b>\$ 5,757</b>

The following table shows the assumptions used in the calculation of the Company's site restoration provision:

	<b>For the years ended</b>	
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Pre-tax risk-free discount rate	6.10 - 8.70%	4.90 - 7.61%
Inflation rate	2.90 - 3.96%	2.90 - 3.10%
Years of settlement	2018-2035	2018-2034
Anticipated closure date	January 1, 2018	January 1, 2018

The site restoration provision at the date of the statement of financial position represents management's best estimate of the present value of the future site restoration costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the site restoration provision and associated asset. To the extent that the site restoration provision was created due to exploration activities which do not yet qualify for capitalization, the amount of the associated asset is reduced immediately by a charge to exploration expenses for the same amount.

Significant estimates and assumptions are made in determining the site restoration provision as there are numerous factors that will affect the ultimate liability payable. Those uncertainties may result in future actual expenditure differing from the amount currently provided. During the year ended December 31, 2015, there were changes in the extent of the required rehabilitation activities, timing of these activities, changes in discount rates and foreign exchange rate.

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**7. EQUITY TAX LIABILITY**

Effective January 1, 2015, the Colombian government imposed a new wealth tax on all Colombian entities for 2015 to 2018 at a maximum rate of 1.15% for 2015; 1% for 2016; 0.4% for 2017 and 0% for 2018. The wealth tax is based on the Colombian entity's net equity position at the beginning of each year with 25% minimum and maximum change in the net equity from the prior year. Amounts are payable and will be accounted for as an expense for the year (refer to note 12(a)).

The equity tax liability for fiscal 2015 is \$147 (COP 302,560,000). This amount was fully paid during the year ended December 31, 2015.

**8. EQUITY**

**Share capital**

The Company's authorized share capital consists of an unlimited number of common shares issued without par value.

In February 2015, the Company completed a private placement and issued 3,597,987 common shares at \$0.77 per share for gross aggregate proceeds of \$2,772. In connection with private placement, the Company incurred \$52 share issuance cost.

In August 2015, the Company completed another private placement and issued 7,677,674 common shares at \$0.43 per share for gross aggregate proceeds of \$3,301. In connection with private placement, the Company incurred \$78 share issuance cost.

During the year ended December 31, 2015, the Company issued 29,462 common shares in exchange of 54,666 options; as a result of the cashless exercise of options, the Company reclassified the fair value of \$11 of the 54,666 options from contributed surplus to share capital.

**Contributed surplus**

Contributed surplus represents entitlements to share-based awards that have been charged to profit and loss in the periods during which the entitlements were accrued and have not yet been exercised. In addition, upon expiry of warrants, the amount originally recorded in equity is transferred to contributed surplus.

**9. SHARE-BASED PAYEMENT ARRANGEMENTS**

**Stock option plan**

The Company has a share option plan that allows it to grant options to its employees, officers, directors and consultants. A fixed maximum of 10% of the common shares issued may be granted. The exercise price of each option shall not be less than the closing market price for the common shares on the trading day prior to the date of the grant. Options may have a maximum term of ten years. Vesting conditions of options is at the discretion of the Board of Directors at the time the options are granted.

The Plan also provides for a cashless exercise option provision which is, in substance, a stock appreciation right and for which the stock options can only be equity-settled. When share capital recognized as equity is repurchased as a result of the cashless option, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from deficit.

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**9. SHARE-BASED PAYEMENT ARRANGEMENTS (CONTINUED)**

The changes in options during the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015		December 31, 2014	
	Number	Weighted	Number	Weighted
	outstanding	average exercise price	outstanding	average exercise price
Outstanding, beginning of year	5,143,375	\$ 1.36	5,251,840	\$ 1.88
Granted	2,367,000	0.51	2,195,000	0.30
Exercised	(54,666)	0.29	-	-
Forfeited	-	-	(2,238,465)	1.52
Expired	(613,540)	2.11	(65,000)	3.60
Outstanding, end of year	6,842,169	\$ 1.00	5,143,375	\$ 1.36

During the year ended December 31, 2015, the Company granted 2,367,000 options to directors, officers, employees and consultants with an estimated fair value of \$990.

During the year ended December 31, 2015, share-based compensation of \$975 (2014 – \$394) was recorded in connection with stock options vested during the year.

During the year ended December 31, 2015, stock options for 54,666 shares were exercised on a cashless basis and the Company issued 29,462 common shares. As a result of the cashless exercise of options, the Company reclassified the fair value of \$11 of the 54,666 options from contributed surplus to share capital.

During the year ended December 31, 2015, 613,540 options expired unexercised.

The following summarizes information about stock options outstanding and exercisable at December 31, 2015:

Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (in years)
2016/06/03	600,000	600,000	\$ 3.270	0.42
2016/09/06	180,000	180,000	\$ 3.270	0.68
2016/09/15	100,000	100,000	\$ 3.270	0.71
2016/11/16	40,000	40,000	\$ 3.270	0.88
2017/04/27	432,500	432,500	\$ 2.410	1.32
2017/07/01	50,000	50,000	\$ 1.740	1.50
2017/10/09	210,000	210,000	\$ 0.870	1.78
2018/05/10	710,000	639,999	\$ 0.820	2.36
2018/07/12	375,000	375,000	\$ 0.520	2.53
2019/06/01	1,461,667	1,263,335	\$ 0.275	3.42
2019/07/09	50,000	50,000	\$ 0.255	3.52
2019/09/08	300,000	300,000	\$ 0.255	3.69
2020/09/02	2,133,002	1,579,686	\$ 0.570	4.68
2020/10/07	200,000	100,000	\$ 0.630	4.77
	6,842,169	5,920,520		3.12

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**9. SHARE-BASED PAYEMENT ARRANGEMENTS (CONTINUED)**

**Stock option plan (continued)**

The fair value at the time of grant was measured using the Black-Scholes model. Expected volatility is estimated by considering historic share price volatility. The following table shows the weighted-average assumptions used in the measurement of fair value at grant date:

	<b>For the years ended</b>	
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Risk-free interest rate	0.54%	1.32%
Expected annual volatility	93.91%	88.32%
Expected life (in years)	5.00	5.00
Expected dividend yield	0%	0%
Share price (\$ per share)	\$ 0.57	\$ 0.30
Weighted average grant date fair value per option (\$ per option)	\$ 0.42	\$ 0.21

**Share appreciation rights ("SARs")**

During the year ended December 31, 2015, 400,000 SARs expired. As at December 31, 2015, there were no SARs outstanding (December 31, 2014: 400,000).

**Share purchase warrants**

The changes in share purchase warrants during the years ended December 31, 2015 and 2014 are as follows:

	<b>December 31, 2015</b>		<b>December 31, 2014</b>	
	<b>Number</b>	<b>Weighted average exercise price</b>	<b>Number</b>	<b>Weighted average exercise price</b>
	<b>outstanding</b>	<b>price</b>	<b>outstanding</b>	<b>price</b>
Outstanding, beginning of year	<b>98,500</b>	<b>\$ 5.59</b>	<b>98,500</b>	<b>\$ 5.59</b>
Expired	(35,000)	3.69	-	-
Outstanding, end of year	<b>63,500</b>	<b>\$ 6.63</b>	<b>98,500</b>	<b>\$ 5.59</b>

The following summarizes information about shares purchase warrants outstanding and exercisable at December 31, 2015:

<b>Expiry date</b>	<b>Warrants outstanding</b>	<b>Exercise price (\$ per warrant)</b>	<b>Weighted average remaining contractual life (in years)</b>
January 11, 2016	40,000	\$ 7.10	0.03
January 14, 2016	3,700	\$ 6.75	0.04
February 18, 2016	19,800	\$ 5.65	0.13
	<b>63,500</b>		<b>0.06</b>

Subsequent to December 31, 2015, 63,500 warrants expired unexercised.

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**10. OTHER INCOME**

	<b>December 31, 2015</b>	December 31, 2014
Interest income	\$ 11	\$ 33
Other income	-	46
	<b>\$ 11</b>	<b>\$ 79</b>

**11. FINANCE COST**

	<b>December 31, 2015</b>	December 31, 2014
Unwinding of discount on site restoration provision	\$ 425	\$ 236
Unwinding of discount on equity tax payable	-	66
Bank charges	15	20
	<b>\$ 440</b>	<b>\$ 322</b>

**12. COMMITMENTS AND CONTINGENCIES**

**a) Commitments**

The following is a schedule of the Company's commitments as at December 31, 2015:

	<b>Total</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020 and thereafter</b>
Operating leases	\$ 6	\$ 6	\$ -	\$ -	\$ -	\$ -
Site restoration provision <sup>(1)</sup>	6,370	392	617	1,527	1,448	2,386
Wealth tax <sup>(2)</sup>	300	200	100	-	-	-
	<b>\$ 6,676</b>	<b>\$ 598</b>	<b>\$ 717</b>	<b>\$ 1,527</b>	<b>\$ 1,448</b>	<b>\$ 2,386</b>

1) Represents the undiscounted cash flow.

2) Represents the estimated wealth tax payments based on the Company's net equity position as at December 31, 2015.

**b) Contingencies**

*La Plata Mining Title Assignment*

In February 2012, the Company received notice that Sociedad Minera La Plata Ltda. ("SMLPL") was seeking an arbitration pursuant to the arbitration clause contained in the mining title assignment agreement (the "La Plata Assignment Agreement") pursuant to which the Company acquired its La Plata property from SMLPL. An arbitration panel was constituted and there were ten hearings between December 2012 and July 2013. The arbitration panel rendered their decision in September 2013 finding that the two-year statute of limitations applied to the La Plata Assignment Agreement and the first of three subordinate partial assignment agreements, in respect of 25% of the property, and found in favour of the Company in that regard. However, the arbitration panel found that the statute of limitations did not apply to the second and third subordinate partial assignment agreements (the "Annulled Agreements"), in respect of 75% of the property, and declared a relative nullity in respect of these agreements with respect to the amounts greater than 500,000 Colombian pesos. The panel ordered SMLPL to pay the Company 1,677,500,686 Colombian pesos, which relates to the amount paid to SMLPL by the Company under each of the Annulled Agreements (less 500,000 Colombian pesos X 2), within thirty days of the decision becoming firm.



## 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### b) Contingencies (continued)

#### *La Plata Mining Title Assignment (continued)*

The arbitration panel recognized in its decision that it lacked the power to order the relevant Colombian authorities to annul the administrative acts relating to the property and related environmental management plan registered in the name of the Company. The La Plata property and related environmental management plan remain in the name of the Company. All legal proceedings commenced by the Company seeking to annul the arbitration panels' decision have been unsuccessful. To date, as Colombia's National Mining Agency, ANM, has rejected SMLPL's request to register the decision of the arbitration and cancel registration of the Annulled Agreements, the Company remains the registered owner of the entire La Plata property. On July 21, 2015, the Company received notice that SMLPL had filed a Tutela Action with the Tenth Criminal Circuit Court of Bucaramanga seeking an order that ANM register the arbitration decision and its 75% interest in the La Plata property. On August 4, 2015, the Company was notified of the decision rendered by the Court that SMLPL was not successful and the Tutela Action was dismissed. As the La Plata Assignment Agreement (and the first of three subordinate partial assignment agreements) remains valid, if necessary, the Company may commence a legal action against SMLPL to require SMLPL to comply with its obligations thereunder, including the obligation to legally assign the remaining portion of the La Plata property, which was the subject of the Annulled Agreements, to the Company.

#### *Other*

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.

### c) Uncertainties

#### *Páramo ecosystem boundaries*

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 based on a 1:25,000 scale and technical, social, environmental and economic criteria. The minimum reference for the páramo ecosystem is the Atlas of Páramos prepared by the Alexander von Humboldt Institute. During 2012, in conjunction with granting an extension to the exploration phase of Concession 3452, Colombia's national mining agency, the ANM, noted that the Company must not conduct any exploration activities in the areas constituting páramo according to the Atlas of Páramos until the ultimate boundaries of the páramo ecosystem have been determined.

## 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### c) Uncertainties (continued)

#### *Páramo ecosystem boundaries (continued)*

On December 19, 2014, Ministry of Environment and Sustainable Development (Ministerio de Ambiente y Desarrollo Sostenible or “MADS”) approved Resolution 2090 dated December 19, 2014, wherein the boundaries of the Páramo of Santurbán have been officially declared. The Resolution provides that within the páramo there are certain areas where mining can take place, subject to stricter environmental controls. The Company is currently assessing how the Angostura Project will be developed taking into consideration the páramo. This will include assessing various techno-economic parameters such as cut-off grade, production rates, mining and metallurgical approaches, access to adjacent and at depth resources and the overall infrastructure layout.

On February 9, 2016, the Company announced that the Colombian Constitutional Court had issued Communication No. 4 of 2016 dated February 8, 2016, which indicated that certain provisions of the National Development Plan are unconstitutional. The Court subsequently formally issued ruling C-035 of 2016 (also dated February 8, 2016). Pursuant to this ruling, among other things, the provisions of the National Development Plan that set out certain exceptions to the general prohibition in the National Development Plan that mining activities are not permitted in páramo ecosystems were declared unconstitutional. Prior to the ruling, certain mining activities in páramo ecosystems could continue if there was a valid mining title and an environmental license or a similar environmental instrument issued prior to February 9, 2010. In addition, although the Court endorsed the concept of projects of national interest and the creation of a national system to handle them due to the high social and economic impact, it declared the provisions of the National Development Plan that provided that the National Environmental Licensing Authority (Autoridad Nacional de Licencias Ambientales or “ANLA”) would have exclusive authority for licensing such projects, regardless of the size of the project, unconstitutional.

On March 7, 2016, the Company announced that it had formally notified the Government of Colombia (the “Government”) of the existence of a dispute between Eco Oro and the Government under Canada-Colombia Free Trade Agreement (the “Free Trade Agreement”). The dispute has arisen out of the Government’s measures and omissions, which have directly impacted the rights granted to Eco Oro to explore and exploit its Angostura Project. The measures and omissions that have affected Eco Oro include (without limitation) the Government’s unreasonable delay in clarifying the limits of the Santurbán Páramo and whether it overlapped with the Angostura Project and its persistent failure to provide clarity as to Eco Oro’s right to continue developing its mining project in light of further undefined requirements and later as a consequence of the Constitutional Court’s decision of February 8, 2016, which has broadened the prohibition of mining activities in páramo areas. Eco Oro remains open to continue amicable discussions with the Government with a view to the prompt settlement of this dispute. Absent an acceptable settlement with the Government during the next six months, Eco Oro has the option of submitting the dispute to international arbitration and seeking a declaration of a breach of the Free Trade Agreement and monetary compensation for the damages suffered due to that breach.

The Company continues to consult with its advisors and government authorities to assess the impact of the ruling, if any.

#### *Environmental license*

In 2011, MADS denied the Company’s 2009 request for an environmental license for the development of an open pit mine at the Angostura Project. The previous MADS’s resolutions and comments in respect of the extent of the páramo ecosystem to be protected may be considered in relation to any future applications by the Company for approvals. The MADS’s resolutions denying the Company’s previous requests may have an adverse effect on any such future application.

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**13. SUPPLEMENTARY CASH FLOW INFORMATION**

**Cash and cash equivalents**

	<b>December 31, 2015</b>		<b>December 31, 2014</b>	
<b>Cash</b>	<b>\$</b>	<b>1,669</b>	<b>\$</b>	<b>2,681</b>
<b>Short-term deposit</b>		<b>-</b>		<b>47</b>
	<b>\$</b>	<b>1,669</b>	<b>\$</b>	<b>2,728</b>

**Other items**

	<b>For the years ended</b>		<b>December 31, 2014</b>	
	<b>December 31, 2015</b>		<b>December 31, 2014</b>	
<b>Change in non-working capital</b>				
Accounts receivable	<b>\$</b>	<b>15</b>	<b>\$</b>	<b>-</b>
Other assets		<b>65</b>		<b>(66)</b>
Trade and other payables		<b>(254)</b>		<b>(775)</b>
Long-term employee benefits		<b>1</b>		<b>-</b>
	<b>\$</b>	<b>(173)</b>	<b>\$</b>	<b>(841)</b>

**14. FINANCIAL RISK MANAGEMENT**

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.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk; interest rate risk; and commodity price risk. Financial instruments affected by market risk include: cash and cash equivalents, guaranteed investment certificates, accounts receivable, trade and other payables, and amounts payable on exploration and evaluation asset acquisition. The Company currently does not have any financial instruments that are significantly impacted by commodity price risk.

**Currency risk**

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash and cash equivalents, Guaranteed investment certificate, accounts receivable, trade and other payables and amounts payable on exploration and evaluation asset are held in CAD, USD and COP; therefore, USD and COP accounts are subject to fluctuation against the Canadian dollar.

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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Market risk (continued)**

Currency risk (continued)

The Company had the following balances in foreign currency as at December 31, 2015:

	in CAD (in thousands)	in USD (in thousands)	in COP (in thousands)
Cash and cash equivalents	1,533	9	279,140
Guaranteed investment certificate	35	-	-
Accounts receivable	-	-	31,124
Trade and other payables	(111)	(22)	(2,085,782)
Amounts payable on exploration and evaluation asset acquisition	-	-	(2,150,000)
<b>Total foreign currencies</b>	<b>1,457</b>	<b>(13)</b>	<b>(3,925,518)</b>
Foreign currency rate	1.000	1.3869	0.0004
<b>Equivalent to Canadian dollars</b>	<b>\$ 1,457</b>	<b>\$ (18)</b>	<b>\$ (1,736)</b>

Based on the above net exposures as at December 31, 2015, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and COP by 10% would increase/decrease profit or loss by \$175.

The Company had the following balances in foreign currency as at December 31, 2014:

	in CAD (in thousands)	in USD (in thousands)	in COP (in thousands)
Cash and cash equivalents	306	1,957	295,691
Guaranteed investment certificate	35	-	-
Accounts receivable	-	-	1,032
Trade and other payables	(124)	(65)	(2,464,621)
Amounts payable on exploration and evaluation asset acquisition	-	-	(2,150,000)
<b>Total foreign currencies</b>	<b>217</b>	<b>1,892</b>	<b>(4,317,898)</b>
Foreign currency rate	1.000	1.1629	0.0005
<b>Equivalent to Canadian dollars</b>	<b>\$ 217</b>	<b>\$ 2,200</b>	<b>\$ (2,131)</b>

Based on the above net exposures as at December 31, 2014 and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and COP by 10% would increase/decrease profit or loss by \$69.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents and guaranteed investment certificates earn interest at various short-term rates. The Company's future interest income is exposed to changes in these short-term rates. Based on the total of the Company's cash and cash equivalents and guaranteed investment certificates of \$1,704 as at December 31, 2015 (December 31, 2014 – \$2,763), an increase or decrease in the annual interest rate of 1% would result in a corresponding increase or decrease of annual interest income by \$17 (December 31, 2014 – \$27).

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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Credit risk**

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company manages its credit risk through its counterparty ratings and credit limits.

The Company's cash and cash equivalents and guaranteed investment certificates are held through large Canadian financial institutions. Guaranteed investment certificates are composed of financial instruments issued by Canadian banks and companies with high investment-grade ratings. These instruments mature at various dates over the current operating period and are cashable on the maturity date.

The total cash and cash equivalents, guaranteed investment certificates and accounts receivable (included in other assets) represent the maximum credit exposure. The Company limits its credit risk exposure by holding cash and cash equivalents and guaranteed investment certificates with reputable financial institutions with high credit ratings. The Company's accounts receivable balance is not significant and does not represent significant credit exposure.

**Liquidity risk**

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances to meet short and long term business requirements. The Company's cash is invested in liquid investments with quality financial institutions and is available on demand for the Company's programs.

As at December 31, 2015, all of the Company's other financial liabilities have maturities less than one year.

**Fair value measurements**

The fair values of financial assets and liabilities, together with their carrying amounts, are presented by class in the following table.

	December 31, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>				
<b><i>Loans and receivables</i></b>				
Cash and cash equivalents	\$ 1,669	\$ 1,669	\$ 2,728	\$ 2,728
Guaranteed investment certificate	35	35	35	35
Accounts receivable	14	14	3	3
	<b>\$ 1,718</b>	<b>\$ 1,718</b>	<b>\$ 2,766</b>	<b>\$ 2,766</b>
<b>Financial liabilities:</b>				
<b><i>Other financial liabilities</i></b>				
Trade and other payables	\$ 1,064	\$ 1,064	\$ 1,419	\$ 1,419
Amounts payable on exploration and evaluation asset acquisition	951	951	1,064	1,064
	<b>\$ 2,015</b>	<b>\$ 2,015</b>	<b>\$ 2,483</b>	<b>\$ 2,483</b>

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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Fair value measurements (continued)**

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable (supported by little or no market activity) prices.

At December 31, 2015 and 2014, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

**Capital management**

The Company's objective when managing capital is to maintain adequate levels of funding in order to support exploration and development of its projects and to maintain corporate and administrative functions. As at December 31, 2015, the Company considers shareholders' equity in total of \$22,543 (December 31, 2014 – \$18,246) as capital. In order to maintain or adjust the capital structure, the Company may issue equity or debt, or sell assets.

In order to facilitate the management of its capital requirements, the Company prepares operating budgets that are approved by the Board of Directors.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the prior year.

**15. RELATED PARTIES**

**a) Subsidiaries**

	<b>Ownership interest at</b>	
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Eco Oro S.A.S	<b>100%</b>	<b>100%</b>

**b) Key management personnel compensation**

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

	<b>For the years ended</b>	
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Short-term benefits	\$ <b>810</b>	\$ 975
Share-based payments	<b>737</b>	114
	\$ <b>1,547</b>	\$ 1,089

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**15. RELATED PARTIES (CONTINUED)**

Certain executive officers are entitled to termination benefits. In the event of termination without sufficient advance written notice, these executive officers are entitled to an amount of 6 months of their base compensation by way of lump sum payment.

The Company is also a party to certain management contracts. These contracts contain clauses requiring that \$916 be paid upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

**c) Transactions & Balances**

The aggregate value of transactions with other related parties, including entities over which key management personnel have control or significant influence, is as follows:

	<b>For the years ended</b>	
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Fintec Holdings Corp. ("Fintec")</b>		
Director's fees	\$ -	\$ 18
Management fees	<b>243</b>	162
	<b>\$ 243</b>	<b>\$ 180</b>
<b>Quantum Advisory Partners LLP ("Quantum")</b>		
Management and accounting services	\$ 176	\$ 109
<b>James H. Atherton Law Corporation ("Law Corp")</b>		
Legal services	\$ 131	\$ 106
<b>Terrastrat Consulting Inc. ("Terrastrat")</b>		
Consulting fees	\$ 38	\$ -

Fintec is a company owned by the Company's Executive Co-chairman. The services provided by Fintec were in the normal course of operations related to director and management fees.

Quantum is a partnership whose incorporated partner is the Company's Chief Financial Officer (CFO). The services provided by Quantum were in the normal course of operations related to accounting and CFO services.

Law Corp. is a professional corporation owned by the Company's Corporate Secretary. The services related to day-to-day legal services provided to the Company.

Terrastrat is a consulting firm owned by one of the Company's directors. The services provided by Terrastrat were in the normal course of operations related to technical advisory services.

At December 31, 2015, \$43 is due to the officers of the Company which was included in trade and other payables (December 31, 2014 - \$14).

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**16. SEGMENTED INFORMATION**

The Company has one reportable segment, being the evaluation and exploration of mineral exploration properties in one geographic region: Colombia. The Company's assets and liabilities are as follows:

	Canada	Colombia	Total
<b>As at December 31, 2015</b>			
Evaluation and exploration assets	\$ -	\$ 24,833	\$ 24,833
Other assets	-	2,161	2,161
Liabilities	(133)	(6,129)	(6,262)
	<b>\$ (133)</b>	<b>\$ 20,865</b>	<b>\$ 20,732</b>
<b>As at December 31, 2014</b>			
Evaluation and exploration assets	\$ -	\$ 21,418	\$ 21,418
Other assets	-	2,191	2,191
Liabilities	(145)	(8,119)	(8,264)
	<b>\$ (145)</b>	<b>\$ 15,490</b>	<b>\$ 15,345</b>
<b>Net loss:</b>			
For the year ended December 31, 2015	\$ (3,029)	\$ (2,623)	\$ (5,652)
For the year ended December 31, 2014	\$ (2,490)	\$ (7,719)	\$ (10,209)

**17. INCOME TAX**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2015	2014
Loss for the year	\$ (5,652)	\$ (10,209)
Expected income tax recovery	\$ (1,470)	\$ (2,654)
Permanent Differences	(471)	416
Share issue cost	(7)	-
Change in unrecognized deductible temporary differences	1,948	2,238
<b>Total income tax expense (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2015	2014
Deferred Tax Assets (liabilities)		
Exploration and evaluation assets	\$ 73,481	\$ 73,481
Property and equipment	1,335	1,327
Share issue costs	27	-
Asset retirement obligation	1,005	1,497
Non-capital losses	15,686	13,042
	91,533	89,347
Unrecognized deferred tax assets	(91,533)	(89,347)
<b>Net deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>



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**17. INCOME TAX (CONTINUED)**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2015	Expiry Date Range	2014	Expiry Date Range
<b>Temporary Differences</b>				
Exploration and evaluation assets	\$ 282,618	No expiry date	\$ 282,618	No expiry date
Property and equipment	5,134	No expiry date	5,105	No expiry date
Share issue costs	104	2036 to 2039	-	
Asset retirement obligation	3,864	No expiry date	5,104	No expiry date
Allowable Capital losses	162	No expiry date	204	No expiry date
Losses carried forward available for future period	60,168	2026 to 2035	54,144	2015 to 2034