



ECO ORO MINERALS CORP.

Condensed Consolidated Interim Financial Statements

June 30, 2016

(unaudited)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

<i>As at</i>	June 30, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 31	\$ 1,669
Guaranteed investment certificate	-	35
Accounts receivable	14	14
Other assets	104	93
	149	1,811
Non-current assets		
Plant and equipment (note 4)	1,897	2,161
Exploration and evaluation assets (note 5)	24,934	24,833
	26,831	26,994
TOTAL ASSETS	\$ 26,980	\$ 28,805
LIABILITIES		
Current liabilities		
Trade and other payables	\$ 1,828	\$ 1,064
Amounts payable on exploration and evaluation asset acquisition	957	951
Current portion of site restoration provision (note 6)	314	361
Equity tax liability (note 7)	117	-
	3,216	2,376
Non-current liabilities		
Long-term employee benefits	22	22
Site restoration provision (note 6)	4,179	3,864
	4,201	3,886
TOTAL LIABILITIES	7,417	6,262
EQUITY		
Share capital (note 8)	\$ 321,343	\$ 321,320
Equity reserve	31,449	31,396
Deficit	(295,876)	(292,774)
Accumulated other comprehensive loss	(37,353)	(37,399)
TOTAL EQUITY	19,563	22,543
TOTAL EQUITY AND LIABILITIES	\$ 26,980	\$ 28,805

Commitments and contingencies (note 10)
Subsequent events (notes 7 and 15)

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

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

	For the three months ended		For the six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Exploration and evaluation expenses:				
Administrative expenses	\$ 247	\$ 428	\$ 520	\$ 755
Depreciation	79	105	165	225
Field expenses	-	8	24	28
Environmental expenses	117	41	108	(37)
Feasibility studies	-	267	-	267
Other exploration and evaluation expenses	-	(81)	65	86
Salaries, benefits and share-based compensation	460	529	939	1,110
Surface rights	5	194	29	312
	908	1,491	1,850	2,746
General and administrative expenses:				
Audit, legal and other professional fees	615	208	742	303
Other administrative expenses	37	66	84	88
Regulatory and transfer agent fees	9	12	46	58
Rent	-	8	5	15
Salaries and benefits	37	112	88	235
Share-based compensation	50	93	76	112
Travel	2	89	16	152
	750	588	1,057	963
Total expenses before other items	\$ 1,658	\$ 2,079	2,907	3,709
Other items				
Equity tax (note 7)	-	-	113	147
Finance cost	83	116	171	231
Foreign exchange loss (gain)	16	(159)	53	(735)
Gain on disposal of plant and equipment	(155)	-	(137)	-
Other income	(2)	(1)	(5)	(6)
	(58)	(44)	195	(363)
NET LOSS FOR THE PERIOD	\$ 1,600	\$ 2,035	\$ 3,102	\$ 3,346
OTHER COMPREHENSIVE EXPENSES (INCOME)				
Foreign currency translation differences for foreign operations	\$ (365)	\$ 559	\$ (46)	\$ (1,097)
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 1,235	\$ 2,594	\$ 3,056	\$ 2,249
Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)				
(warrants and options not included as the impact would be anti-dilutive)	\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.04
Weighted average number of common shares outstanding	95,562,774	87,826,408	95,548,159	87,056,617

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

	For the six months ended	
	June 30, 2016	June 30, 2015
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (3,102)	\$ (3,346)
Adjustments for:		
Change in site restoration provision	80	(317)
Change in non-cash working capital items (note 11)	915	84
Depreciation	165	225
Gain on disposal of plant and equipment	(137)	-
Non-cash finance expenses	167	225
Other non-cash income and expenses	-	(6)
Remediation expenditures	(14)	(14)
Share-based compensation	76	112
Net cash flows used in operating activities	(1,850)	(3,037)
FINANCING ACTIVITIES		
Proceeds on issuance of common shares, net of cash share issue costs	-	2,720
Net cash flows from financing activities	-	2,720
INVESTING ACTIVITIES		
Exploration and evaluation asset acquisition	-	(25)
Interest received	-	6
Proceeds on disposition of plant and equipment	179	-
Purchase of plant and equipment	-	(25)
Redemption of guaranteed investment certificate	35	-
Net cash flows from (used in) investing activities	214	(44)
Effects of exchange rate changes on cash and cash equivalents	(2)	(617)
Net decrease in cash	(1,638)	(978)
Cash, beginning of period	1,669	2,728
Cash, end of period	\$ 31	\$ 1,750
Cash paid during the period for interest	-	-
Cash paid during the period for income taxes	-	-

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

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

	Note	Share capital		Equity Reserves			Accumulated deficit	Accumulated other comprehensive income (loss)	Total
		Number of shares	Amount	Contributed Surplus	Warrants	Total			
Balance at December 31, 2015		95,533,544	\$ 321,320	\$ 31,163	\$ 233	\$ 31,396	\$ (292,774)	\$ (37,399)	\$ 22,543
Shares issued - stock option exercise		46,666	23	(23)	-	(23)	-	-	-
Reclassification of grant-date fair value on expired or cancelled warrants		-	-	233	(233)	-	-	-	-
Share-based payments		-	-	76	-	76	-	-	76
Net loss per the period		-	-	-	-	-	(3,102)	-	(3,102)
Other comprehensive loss per the period		-	-	-	-	-	-	46	46
Balance at June 30, 2016		95,580,210	\$ 321,343	\$ 31,449	\$ -	\$ 31,449	\$ (295,876)	\$ (37,353)	\$ 19,563
Balance at December 31, 2014		84,228,421	\$ 266,319	\$ 24,593	\$ 317	\$ 24,910	\$ (273,362)	\$ 379	\$ 18,246
Shares issued for cash - private placement		3,597,987	2,772	-	-	-	-	-	2,772
Share issue costs		-	(52)	-	-	-	-	-	(52)
Reclassification of grant-date fair value on expired or cancelled warrants		-	-	92	(92)	-	-	-	-
Share-based payments		-	-	112	-	112	-	-	112
Net loss for the period		-	-	-	-	-	(3,346)	-	(3,346)
Other comprehensive loss for the period		-	-	-	-	-	-	1,097	1,097
Balance at June 30, 2015		87,826,408	\$ 269,039	\$ 24,797	\$ 225	\$ 25,022	\$ (276,708)	\$ 1,476	\$ 18,829

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

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2016
(Expressed in thousands of Canadian dollars)

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 unaudited condensed consolidated interim financial statements of the Company as at and for the six months ended June 30, 2016 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 June 30, 2016, the Company had working capital deficiency of \$3,067 and had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the six months ended June 30, 2016, the Company reported a comprehensive loss of \$3,056 and as at June 30, 2016, had an accumulated deficit of \$295,876. Cash and cash equivalents used in operating activities for the six ended June 30, 2016 was \$1,850. The ability of the Company to continue as a going concern is dependent upon its ability to: arrange additional financing (note 15); 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 condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2015 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on August 15, 2016.

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 comparative figures on the statement of operations were amended to conform to the current presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2016.

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.

- 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 18 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.
- 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.

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, 2017. 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:

- 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.

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2016
(Expressed in thousands of Canadian dollars)

4. PLANT AND EQUIPMENT

	Buildings	Field Equipment	Office Equipment	Transport	Total
Cost					
As at December 31, 2015	\$ 2,245	\$ 2,679	\$ 784	\$ 372	\$ 6,080
Disposals	\$ (114)	\$ (221)	\$ -	\$ (189)	\$ (524)
Effect of movements in exchange rates	\$ 10	\$ 8	\$ 4	\$ 2	\$ 24
Balance as at June 30, 2016	\$ 2,141	\$ 2,466	\$ 788	\$ 185	\$ 5,580
Depreciation					
As at December 31, 2015	\$ (468)	\$ (2,299)	\$ (780)	\$ (372)	\$ (3,919)
Charged for the period	\$ (53)	\$ (102)	\$ (3)	\$ (7)	\$ (165)
Eliminated on disposal	\$ 31	\$ 203	\$ -	\$ 189	\$ 423
Effect of movements in exchange rates	\$ (4)	\$ (19)	\$ (4)	\$ 5	\$ (22)
Balance as at June 30, 2016	\$ (494)	\$ (2,217)	\$ (787)	\$ (185)	\$ (3,683)
Net book value					
As at December 31, 2015	\$ 1,777	\$ 380	\$ 4	\$ -	\$ 2,161
As at June 30, 2016	\$ 1,647	\$ 249	\$ 1	\$ -	\$ 1,897

During the six months ended June 30, 2016, the Company exchanged a building with a carrying value of \$77 (COP 181,924,764) to settle a payable of \$59 (COP 140,000,000); as a result, the Company recognized a loss on disposal of \$18 (COP 41,924,764) in the statements of loss and comprehensive loss.

During the six months ended June 30, 2016, the Company disposed plant and equipment with a carrying value of \$24 (COP 55,133,772) for cash proceeds of \$179 (COP 416,900,000); as a result, the Company recognized a gain on disposal of \$155 (COP 361,766,228) in the statements of loss and comprehensive loss.

5. EXPLORATION AND EVALUATION ASSETS

Balance as at December 31, 2015	\$ 24,833
Effect of movements in exchange rates	101
Balance as at June 30, 2016	\$ 24,934

The Company's focus is on the development of the Angostura Project in northeastern Colombia which consists of the main Angostura deposit (note 10(b)) and five satellite prospects: Armenia, La Plata, Agua Limpia, Violetal and Móngora.

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6. SITE RESTORATION PROVISION

Balance as at December 31, 2015	\$	4,225
Decrease in liability due to changes in estimate		80
Remediation work performed		(14)
Unwinding of discount		167
Changes in foreign exchange rates		35
Balance as at June 30, 2016	\$	4,493
Current portion	\$	314
Long-term portion		4,179
	\$	4,493

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 six months June 30, 2016, there were changes in the extent of the required rehabilitation activities, timing of these activities, changes in discount rates and foreign exchange rate.

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 2016 is \$117 (COP 263,991,000) which will be paid in two installments in May and September 2016. COP 131,999,000 was paid subsequent to June 30, 2016.

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
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(Expressed in thousands of Canadian dollars)

8. EQUITY

Share capital

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

During the six months ended June 30, 2016, the Company issued 46,666 common shares in exchange of 120,000 options; as a result of the cashless exercise of options, the Company reclassified the fair value of \$23 of the 120,000 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.

The changes in options during the six months ended June 30, 2016 are as follows:

	Number		Weighted
	outstanding		average exercise
			price
Balance, December 31, 2015	6,842,169	\$	1.000
Expired	(2,370,002)		1.615
Exercised	(120,000)		0.275
Balance, June 30, 2016	4,352,167	\$	0.670

During the six months ended June 30, 2016, share-based compensation of \$76 (June 30, 2015 – \$112) was recorded in connection with stock options vested during the period.

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2016
(Expressed in thousands of Canadian dollars)

9. SHARE-BASED PAYEMENT ARRANGEMENTS (CONTINUED)

Stock option plan (continued)

During the six months ended June 30, 2016, 2,370,002 options expired unexercised.

The following summarizes information about stock options outstanding and exercisable at June 30, 2016:

Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (in years)
2016/09/15	100,000	100,000	\$ 3.27	0.21
2016/11/16	40,000	40,000	\$ 3.27	0.38
2017/04/27	207,500	207,500	\$ 2.41	0.82
2017/07/01	50,000	50,000	\$ 1.74	1.00
2017/10/09	135,000	135,000	\$ 0.87	1.28
2018/05/10	435,000	435,000	\$ 0.82	1.86
2018/07/12	225,000	225,000	\$ 0.52	2.03
2019/06/01	1,046,667	1,013,334	\$ 0.28	2.92
2019/07/09	50,000	50,000	\$ 0.26	3.02
2019/09/08	300,000	300,000	\$ 0.26	3.19
2020/09/02	1,563,000	1,187,681	\$ 0.50	4.18
2020/10/07	200,000	100,000	\$ 0.63	4.27
	4,352,167	3,843,515		3.04

Share purchase warrants

The changes in share purchase warrants during the six months ended June 30, 2016 are as follows:

	Number outstanding	Weighted average exercise price
Balance, December 31, 2015	63,500	\$ 6.63
Expired	(63,500)	6.63
Balance, June 30, 2016	-	\$ -

During the six months ended June 30, 2016, 63,500 warrants expired unexercised.

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2016
(Expressed in thousands of Canadian dollars)

10. COMMITMENTS AND CONTINGENCIES

a) Commitments

The following is a schedule of the Company's commitments as at June 30, 2016:

	Total	2016	2017	2018	2019	2020 and thereafter
Site restoration provision ⁽¹⁾	\$ 5,387	\$ 314	\$ 586	\$ 1,373	\$ 1,300	\$ 1,814
Wealth tax ⁽²⁾	233	133	100	-	-	-
	\$ 5,620	\$ 447	\$ 686	\$ 1,373	\$ 1,300	\$ 1,814

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 initiating 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 its 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.

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.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

b) Contingencies (continued)

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. In addition, any adverse decision in resolving the Dispute under the Free Trade Agreement through an arbitration process would have a material adverse effect on 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 Santurbán 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.

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 restrictions on mining 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.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

c) Uncertainties (continued)

Páramo ecosystem boundaries (continued)

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. The Company was subsequently served on August 8, 2016 with a decision from the ANM by way of Resolution VSC 829 dated August 2, 2016 (the "ANM Resolution"). The ANM Resolution deprived the Company of its mining rights in respect of 50.73% of the Concession area that falls within the preservation zone of the Santurbán Páramo, which was established pursuant to Ministry of Environment Resolution 2090 of December 2014. In support of this position, the ANM Resolution cited a decision of the Colombian Constitutional Court rendered on February 8, 2016 (the "Constitutional Court Decision"). That decision broadened the restrictions on mining in páramo areas by striking down exceptions to the restrictions on mining in the Santurban páramo that were applicable to Eco Oro.

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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11. SUPPLEMENTARY CASH FLOW INFORMATION

	For the six months ended	
	June 30, 2016	June 30, 2015
Change in non-working capital		
Other assets	\$ 10	\$ (32)
Trade and other payables	(437)	37
Equity tax liability	(113)	77
Long-term employee benefits	-	2
	\$ (540)	\$ 84

12. 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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12. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Currency risk (continued)

The Company had the following balances in foreign currency as at June 30, 2016:

	in CAD (in thousands)	in USD (in thousands)	in COP (in thousands)
Cash and cash equivalents	16	6	16,273
Accounts receivable	-	-	31,085
Trade and other payables	(266)	(404)	(2,334,907)
Amounts payable on exploration and evaluation asset acquisition	-	-	(2,150,000)
Total foreign currencies	(250)	(398)	(4,437,549)
Foreign currency rate	1.000	1.2956	0.0004
Equivalent to Canadian dollars	\$ (250)	\$ (516)	\$ (1,975)

Based on the above net exposures as at June 30, 2016, 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 \$249.

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 of \$31 as at June 30, 2016, an increase or decrease in the annual interest rate of 1% would result in a corresponding increase or decrease of annual interest income by \$3.

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12. 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 June 30, 2016, 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.

	June 30, 2016		December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
<i>Loans and receivables</i>				
Cash and cash equivalents	\$ 31	\$ 31	\$ 1,669	\$ 1,669
Guaranteed investment certificate	-	-	35	35
Accounts receivable	14	14	14	14
	\$ 45	\$ 45	\$ 1,718	\$ 1,718
Financial liabilities:				
<i>Other financial liabilities</i>				
Trade and other payables	\$ 1,828	\$ 1,828	\$ 1,064	\$ 1,064
Amounts payable on exploration and evaluation asset acquisition	957	957	951	951
	\$ 2,785	\$ 2,785	\$ 2,015	\$ 2,015

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12. 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 June 30, 2016, 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 June 30, 2016, the Company considers shareholders' equity in total of \$19,563 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.

13. RELATED PARTIES

a) Subsidiaries

	Ownership interest at	
	June 30, 2016	December 31, 2015
Eco Oro S.A.S	100%	100%

b) Key management personnel compensation

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

	For the six months ended	
	June 30, 2016	June 30, 2015
Short-term benefits	\$ 219	\$ 366
Share-based payments	58	63
	\$ 277	\$ 429

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13. RELATED PARTIES (CONTINUED)

b) Key management personnel compensation (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:

	For the six months ended	
	June 30, 2016	June 30, 2015
Fintec Holdings Corp. ("Fintec")		
Management fees	\$ 60	\$ 121
Quantum Advisory Partners LLP ("Quantum")		
Management and accounting services	\$ 86	\$ 95
James H. Atherton Law Corporation ("Law Corp")		
Legal services	\$ 39	\$ 63

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 former Corporate Secretary. The services related to day-to-day legal services provided to the Company.

At June 30, 2016, \$85 is due to the officers of the Company which was included in trade and other payables (December 31, 2015 – \$43).

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14. 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
As at June 30, 2016			
Evaluation and exploration assets	\$ -	\$ 24,934	\$ 24,934
Plant and equipment	-	1,897	1,897
Liabilities	(789)	(6,628)	(7,417)
	\$ (789)	\$ 20,203	\$ 19,414
As at December 31, 2015			
Evaluation and exploration assets	\$ -	\$ 24,833	\$ 24,833
Plant and equipment	-	2,161	2,161
Liabilities	(133)	(6,129)	(6,262)
	\$ (133)	\$ 20,865	\$ 20,732
Net loss:			
For the six months ended June 30, 2016	\$ 1,066	\$ 2,036	\$ 3,102
For the six months ended June 30, 2015	1,301	2,045	3,346
Total comprehensive loss:			
For the six months ended June 30, 2016	\$ 1,066	\$ 1,990	\$ 3,056
For the six months ended June 30, 2015	1,301	948	2,249

15. SUBSEQUENT EVENTS

Subsequent to June 30, 2016:

- On July 22, 2016, the Company entered into an investment agreement (the "Agreement") with Trex Investments, LLC (the "Investor"), an entity managed by Tenor Capital Management Company, L.P., with respect to an aggregate investment in the Company of US\$14 million (the "Investment"). Pursuant to the Agreement, the proceeds of the Investment will be used by the Company to fund the Company's arbitration with the Government of Colombia under the Free Trade Agreement between Canada and Colombia.

The Investment is going to occur in two tranches. The first tranche ("Tranche 1"), which was closed subsequent to June 30, 2016, is for US\$3 million and the second tranche is for US\$11 million. The Company has issued 10,608,225 common shares, which represents 9.99% of the Company's issued and outstanding shares, to the Investor pursuant to Tranche 1.

- 15,332 options expired unexercised.