ECO ORO MINERALS CORP.

Consolidated Financial Statements

Year Ended December 31, 2016

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, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years 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 audits. We conducted our audits 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 audits is sufficient and appropriate to provide a basis for our audit opinion.

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Davidson-co.com

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, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Notes 1 and 14 in the consolidated financial statements which describe that the Company has incurred cumulative losses of $329.5 million as at December 31, 2016, has reported a total comprehensive loss of $37.1 million during the year ended December 31, 2016, 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 14, indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

March 28, 2017

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

As at		**December 31, 2016**		December 31, 2015
ASSETS				
Current assets				
Cash	**$**	**18,616**	$	1,669
Guaranteed investment certificate		**-**		35
Accounts receivable		**14**		14
Prepaid expenses and deposits		**120**		93
		18,750		1,811
Non-current assets				
Plant and equipment (note 4)		**-**		2,161
Exploration and evaluation assets (note 5)		**1**		24,833
		1		26,994
TOTAL ASSETS	**$**	**18,751**	$	28,805
LIABILITIES				
Current liabilities				
Trade and other payables	**$**	**3,180**	$	1,064
Amounts payable on exploration and evaluation asset acquisition (note 6)		**963**		951
Current portion of site restoration provision (note 7)		**405**		361
		4,548		2,376
Non-current liabilities				
Long-term employee benefits		**14**		22
Site restoration provision (note 7)		**4,937**		3,864
Convertible notes (note 9)		**1,650**		-
		6,601		3,886
TOTAL LIABILITIES		**11,149**		6,262
EQUITY				
Share capital (note 10)	**$**	**324,835**	$	321,320
Contributions from shareholders (note 9)		**11,285**		-
Contingent value rights (note 10)		**7,328**		-
Equity reserve		**31,474**		31,396
Deficit		**(329,523)**		(292,774)
Accumulated other comprehensive loss		**(37,797)**		(37,399)
TOTAL EQUITY		**7,602**		22,543
TOTAL LIABILITIES AND EQUITY	**$**	**18,751**	$	28,805

Commitments and contingencies (note 14)
Subsequent events (note 20)

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)

		For the years ended		
		December 31, 2016		December 31, 2015
Exploration and evaluation expenses:				
Salaries and benefits	**$**	**2,019**	$	2,578
Administrative expenses		**1,003**		1,078
Surface rights		**838**		565
Environmental expenses		**769**		84
Legal fees		**336**		236
Depreciation (note 4)		**299**		396
Other exploration and evaluation expenses		**164**		177
		5,428		5,114
General and administrative expenses:				
Legal fees		**2,994**		178
Other professional fees		**818**		305
Administrative expenses		**270**		626
Salaries and benefits		**165**		467
Share-based compensation (note 11)		**114**		749
		4,361		2,325
		9,789		7,439
Other items				
Impairment loss on exploration and evaluation assets (note 5)		**24,574**		-
Impairment loss on plant and equipment (note 4)		**1,620**		-
Finance cost (note 12)		**741**		440
Equity tax (note 8)		**117**		147
Foreign exchange loss (gain)		**108**		(2,363)
Other income (note 13)		**(25)**		(11)
Gain on disposal of plant and equipment (note 4)		**(175)**		-
		26,960		(1,787)
LOSS FOR THE YEAR	**$**	**36,749**	$	5,652
OTHER COMPREHENSIVE EXPENSES (INCOME)				
Foreign currency translation differences for foreign operations	**$**	**398**	$	(3,031)
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$**	**37,147**	$	2,621
Basic and diluted loss per share for the year attributable to common shareholders ($ per common share) (warrants and options not included as the impact would be anti-dilutive)	**$**	**0.37**	$	0.06
Weighted average number of common shares outstanding		**100,291,250**		90,092,282

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)

	For the years ended December 31, 2016	December 31, 2015
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the year	**$ (36,749)**	$ (5,652)
Adjustments for:		
Accretion of interest of convertible notes (note 9)	**107**	-
Change in non-cash working capital items (note 15)	**2,130**	(173)
Change in site restoration provision	**720**	(1,345)
Depreciation	**299**	396
Equity tax expense	**117**	147
Equity tax paid	**(117)**	(147)
Gain on disposal of plant and equipment	**(175)**	-
Impairment loss on exploration and evaluation assets	**24,574**	-
Impairment loss on plant and equipment	**1,620**	-
Non-cash finance expenses	**344**	425
Other non-cash income and expenses	**-**	(10)
Remediation expenditures	**(33)**	(19)
Share-based compensation	**114**	975
Net cash flows used in operating activities	**(7,049)**	(5,403)
FINANCING ACTIVITIES		
Proceeds on issuance of common shares, net of cash share issue costs	**3,479**	5,943
Proceeds on issuance of convertible notes and contingent value rights, net of transaction costs	**20,153**	-
Net cash flows from financing activities	**23,632**	5,943
INVESTING ACTIVITIES		
Exploration and evaluation asset acquisition	**-**	(39)
Interest received	**-**	10
Proceeds on disposition of plant and equipment	**313**	-
Purchase of plant and equipment	**-**	(25)
Redemption of guaranteed investment certificate	**35**	-
Net cash flows from (used in) investing activities	**348**	(54)
Effects of exchange rate changes on cash	**16**	(1,545)
Net increase (decrease) in cash	**16,947**	(1,059)
Cash, beginning of year	**1,669**	2,728
Cash, end of year	**$ 18,616**	$ 1,669
Cash paid during the year for interest	**-**	-
Cash paid during the year for income taxes	**-**	-

Supplemental cash flow information (note 15)

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					
	Number of shares	Amount	Contributions from shareholders	Contingent value rights	Contributed Surplus	Warrants	Total	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
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	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)	**-**
Balance at December 31, 2015	**95,533,544**	**$ 321,320**	**$ -**	**$ -**	**$ 31,163**	**$ 233**	**$ 31,396**	**$ (292,774)**	**$ (37,399)**	**$ 22,543**
Shares issued for cash	10,608,225	3,917	-	-	-	-	-	-	-	**3,917**
Share issue costs	-	(456)	-	-	-	-	-	-	-	**(456)**
Issuance of contingent value rights	-	-	-	7,328	-	-	-	-	-	**7,328**
Net equity portion of convertible notes	-	-	11,285		-	-	-	-	-	**11,285**
Shares issued - stock option exercise	113,332	54	-	-	(36)	-	(36)	-	-	**18**
Reclassification of grant-date fair value on expired or cancelled warrants	-	-	-	-	233	(233)	-	-	-	**-**
Share-based payments	-	-	-	-	114	-	114	-	-	**114**
Net loss for the year	-	-	-	-	-	-	-	(36,749)	-	**(36,749)**
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	(398)	**(398)**
Balance at December 31, 2016	**106,255,101**	**$ 324,835**	**$ 11,285**	**$ 7,328**	**$ 31,474**	**$ -**	**$ 31,474**	**$ (329,523)**	**$ (37,797)**	**$ 7,602**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Eco Oro Minerals Corp. (the "Company" and "Eco Oro") 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, 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 has been focused 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.

The Colombian government, through the Colombian National Mining Agency (*Agencia Nacional de Mineria* or "ANM") issued a decision in August 2016 depriving Eco Oro of rights under Concession 3452 on the basis of a Constitutional Court decision issued in February 2016. That decision came five months after the Company's March 7, 2016 announcement that it had formally notified Colombia of its intent to submit to arbitration a dispute arising under the Canada-Colombia Free Trade Agreement.

As a consequence of the Colombian governments' actions, the Company filed a request for arbitration with the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") against Colombia on December 9, 2016 ("Request for Arbitration"). The Company's arbitration claim arises out of its dispute with Colombia in relation to State measures that have caused uncertainty in the value of its investments in the Colombian mining sector and deprived Eco Oro of its rights under its principal mining title, Concession Contract 3452, comprising the Angostura gold and silver deposit, in violation of Colombia's obligations under the Canada-Colombia Free Trade Agreement. Notwithstanding the commencement of the ICSID Arbitration, the Company continues to seek, and remains open to, engagement with the Colombian authorities in order to achieve an amicable resolution of the dispute.

As of the date of these Financial Statements, Eco Oro has been deprived of its rights in relation to the majority of the area of Concession 3452 and the regional environmental authority has informed the Company that, in light of the significant legal uncertainties regarding the regulatory framework applicable to the Angostura Project, it is unable to process a request for or grant the environmental license that Eco Oro would require in order to exploit the remaining portion of the Concession. Less than two years remain on Concession 3452's exploration phase. In light of these facts, as well as the Company's failure to reach an amicable settlement of the dispute that would enable it to exercise the rights that were granted to it under Concession 3452 and develop the Angostura Project, the Company has recognized the full impairment of its mineral property and plant and equipment as of December 31, 2016, as further described in Notes 4 and 5.

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

Nature of operations (continued)

The board approved consolidated 2017 budget includes those expenditures and commitments necessary to maintain the Company's assets, including material estimated costs associated with the Company advancing the ICSID Arbitration. On the basis of the Company's balance of cash and cash equivalents as at December 31, 2016 and the Transactions referenced in Note 10, the Company believes that it has sufficient funding to satisfy all of the costs of its budgeted activities for the foreseeable future. Notwithstanding, the Company will require additional funding to finance the planned long-term ICSID Arbitration activities through to a successful conclusion. Management continues to review the Company's activities in order to identify areas to further reduce expenditures.

Going concern

At December 31, 2016, the Company had working capital of $14,202 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, 2016, the Company reported a comprehensive loss of $37,147 and as at December 31, 2016, had an accumulated deficit of $329,523. Cash used in operating activities for the year ended December 31, 2016 was $7,049. The Financial Statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. There are no assurances that the Company will be successful in its efforts to secure additional financing in the future as required. 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 27, 2017.

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 1, 2015, the functional currency of the Company and its branch was changed from USD to CAD and COP, for the Company and its Colombian branch and subsidiary, respectively.

In making the change in functional currency to CAD for the Company and COP for the branch and subsidiaries, the Company followed the guidance in IAS 21 The Effects of Changes in Foreign Exchange Rates and has 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 CAD.

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 Company'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.

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:

- ***Recoverability of exploration and evaluation assets and plant and equipment (notes 3(g), 4 and 5)***

  While assessing whether any indications of impairment exist for evaluation and exploration assets and plant and equipment, consideration is given to both external and internal sources of information. Information that 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 and plant and equipment are being used or are expected to be used and indications of expected economic performance of the assets.

  Management has concluded that, as of December 31, 2016, impairment indicators existed, and the best estimation of the recoverable amount of the evaluation and exploration assets is $1. Management has reached this conclusion on the basis of Colombia's measures that have deprived Eco Oro of rights under Concession 3452 to develop the Angostura Project, and the Company's failure to reach an amicable settlement of the dispute with Colombia under the Canada-Colombia Free Trade Agreement that has arisen as a result of these measures. Consideration was given to these risk factors (as more fully described in Note 1) and their adverse impact on the potential economics of the Project.

  The same impairment indicators exist for the plant and equipment assets used for evaluation and exploration. Given that there is lack of objective evidence to determine the recoverable amount of those assets, the management decided to impair those assets to $nil (Note 4).

  While Management believes that these estimates and assumptions are reasonable, actual results may differ from the amounts included in the consolidated financial statements.

- ***Site restoration provision (note 7)***
  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.

2. BASIS OF PREPARATION (CONTINUED)

Use of estimates and judgments (continued)

- ***Measurement of liabilities for share-based payment arrangements (note 11)***
  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 is 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 19)***
  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.

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 currencies of the Company and its subsidiaries are Canadian dollar and Colombian peso, respectively, as this is the currency of the primary economic environment in which the Company operates.

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 Colombian branch and subsidiaries, 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. As at December 31, 2016 and 2015, the Company had no cash equivalents.

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:

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.

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.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of loss.

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, 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, amounts payable on exploration and evaluation asset acquisition, and convertible notes.

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

f. Exploration and evaluation

The Company's exploration and evaluation ("E&E") assets are classified as either tangible or intangible. Tangible assets comprise of 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

Employees (including directors and senior executives) of the Company, and individuals providing similar services to those performed by direct employees, receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments issued to non-employees are measured at the fair value of goods or services received.

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, 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.

(Expressed in thousands of Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

- IFRS 14 – New standard to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation., effective for annual periods beginning on or after January 1, 2016.

- IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2017.

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

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	(271)	(225)	(32)	(192)	**(720)**
Impairment	(1,938)	(2,413)	(575)	(218)	**(5,144)**
Effect of movements in exchange rates	(36)	(41)	(177)	38	**(216)**
Balance as at December 31, 2016	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Depreciation					
As at December 31, 2015	$ (468)	$ (2,299)	$ (780)	$ (372)	**$ (3,919)**
Charged for the year	(103)	(193)	(3)	-	**(299)**
Eliminated on disposal	91	206	32	192	**521**
Impairment	483	2,248	575	218	**3,524**
Effect of movements in exchange rates	(3)	38	176	(38)	**173**
Balance as at December 31, 2016	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Net book value					
As at December 31, 2015	$ 1,777	$ 380	$ 4	$ -	$ 2,161
As at December 31, 2016	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

(Expressed in thousands of Canadian dollars)

4. PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Field Equipment	Office Equipment	Transport	CIP	Total
Cost						
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**
Balance as at December 31, 2015	**$ 2,245**	**$ 2,679**	**$ 784**	**$ 372**	**$ -**	**$ 6,080**
Depreciation						
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)**
Balance as at December 31, 2015	**$ (468)**	**$ (2,299)**	**$ (780)**	**$ (372)**	**$ -**	**$ (3,919)**
Net book value						
As at December 31, 2014	$ 1,622	$ 540	$ 20	$ -	$ 9	$ 2,191
As at December 31, 2015	**$ 1,777**	**$ 380**	**$ 4**	**$ -**	**$ -**	**$ 2,161**

During the year ended December 31, 2016, the Company exchanged a building with a carrying value of $77 (COP 181,924,764) to settle a payable of $61 (COP 140,000,000); as a result, the Company recognized a loss on disposal of $16 (COP 41,924,764) in the statements of loss and comprehensive loss.

During the year ended December 31, 2016, the Company disposed plant and equipment with a carrying value of $122 (COP 275,377,228) for cash proceeds of $313 (COP 718,580,000); as a result, the Company recognized a gain on disposal of $191 (COP 443,202,272) in the statements of loss and comprehensive loss.

As described in Note 1, the Company considered all the risk factors and decided to impair plant and equipment used for the exploration and evaluations assets during the year ended December 31, 2016.

The Company has one operating segment, all the plant and equipment belongs to one CGU; as a result, the Company impaired all the plant and equipment to $nil which is the recoverable amount of the CGU (Notes 3(g) and 18). The impairment loss on plant and equipment of $1,620 was recognized in the statement of loss and comprehensive loss during the year ended December 31, 2016. The Impairment is based on guidance outlined in IFRS 6, Exploration for and Evaluation of Mineral Resources and IAS 36, Impairment of Assets.

(Expressed in thousands of Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

As at December 31, 2014	**$**	**21,418**
Additions		**39**
Effect of movements in exchange rates		**3,376**
Balance as at December 31, 2015	**$**	**24,833**
Impairment loss		**(24,574)**
Effect of movements in exchange rates		**(258)**
Balance as at December 31, 2016	**$**	**1**

The Company has been focused on the development of the Angostura Project in northeastern Colombia which consists of the main Angostura deposit (Note 14) and five satellite prospects: Armenia, La Plata, Agua Limpia, Violetal and Móngora.

As described in Note 1, the Company considered all the risk factors (Note 1) and decided to impair the exploration and evaluations assets to $1 during the year ended December 31, 2016.The Impairment is based on guidance outlined in IFRS 6, Exploration for and Evaluation of Mineral Resources and IAS 36, Impairment of Assets.

The Company assessed the exploration and evaluation assets for indicators of impairment and concluded that the Company's inability to develop the project in light of Colombia's measures (described in Note 1), and its failure to achieve a settlement of the dispute that has arisen with Colombia under the Canada-Colombia Free Trade Agreement as a result of these measures, represent indicators of impairment that require a determination to be made of the project's recoverable amount.

The recoverable amount relating to mineral properties has been determined as $1, based on both the fair value less costs of disposal ("FVLCD") and value in use ("VIU") methods. The FVLCD is considered to be $nil on the basis that no other market participant would likely be able to progress the project in the face of Colombia's measures. A market approach was used in estimating the FVLCD as an income approach would not be considered to provide a reliable estimate of fair value. The VIU of the project is also considered to be $nil due to the probability of resolving the dispute with the Colombian government, and therefore the likelihood of the project being developed, being now considered to be remote, and therefore no future positive cash flows can be expected to be generated.

6. AMOUNTS PAYABLE ON EXPLORATION AND EVALUATION ASSET ACQUSITION

	in COP (in thousands)		in CAD
As at December 31, 2014	**2,150,000**	**$**	**1,064**
Effect of movements in exchange rates	**-**		**(113)**
Balance as at December 31, 2015	**2,150,000**	**$**	**951**
Effect of movements in exchange rates	**-**		**12**
Balance as at December 31, 2016	**2,150,000**	**$**	**963**

In June 2009, the Company acquired the Las Puentes property for $2,037 (COP4,010,000,000). A cash payment of $1,018 (COP1,860,000,000) was made on the acquisition date, and pursuant to the agreement, further payments of approximately $596 (COP1,150,000,000) and $518 (COP1,000,000,000) were to be made in April 2010 and April 2011, respectively. However, certain of the original Las Puentes vendors had been in a title dispute with another unrelated group. The agreement provided that the Company was not required to make the two remaining payments until the title dispute amongst the vendors and the unrelated group was resolved. The full amount of the obligation totaling $963 (COP2,150,000,000) is reflected on the statement of financial position as of December 31, 2016.

On January 17, 2017, the Company was served with a court-ordered claim by the vendors of Las Puentes property demanding the final two instalment payments COP2,150,000,000 plus interest and a compensation for the non-compliance of the purchase agreement (COP1,537,000,000) on the basis that the vendors previous title dispute had been recently settled by the courts. On January 27, 2017, the Company filed a motion for reconsideration arguing that the amount of the claim should not include interest and compensation and that the Company had legal basis under the purchase agreement to retain the final two instalment payments. A decision is pending by the Courts on the Company's motion for reconsideration.

(Expressed in thousands of Canadian dollars)

7. SITE RESTORATION PROVISION

	December 31, 2016	December 31, 2015
Beginning of year, current and long-term	**$ 4,225**	$ 5,757
Increase (decrease) in liability due to changes in estimate	720	(1,345)
Remediation work performed	(33)	(19)
Unwinding of discount	344	425
Changes in foreign exchange rates	86	(593)
End of year, current and long-term	**$ 5,342**	$ 4,225
Current portion	$ 405	$ 361
Long-term portion	4,937	3,864
	$ 5,342	$ 4,225

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

	For the years ended	
	December 31, 2016	**December 31, 2015**
Pre-tax risk-free discount rate	6.38 - 7.07%	6.10 - 8.70%
Inflation rate	3.00 - 3.90%	2.90 - 3.96%
Years of settlement	2018-2035	2018-2035
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, 2016, there were changes in the extent of the required rehabilitation activities, timing of these activities, changes in discount rates and foreign exchange rate.

8. 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.

The equity tax liability for the years ended December 31, 2016 and 2015 is $117 (COP 263,991,000) and $147 (COP 302,560,000), respectively. These amounts were paid during the years ended December 31, 2016 and 2015, respectively.

9. CONVERTIBLE NOTES

The Company's convertible notes payable balance as of December 31, 2016, is as follows:

	in USD (in thousands)	in CAD
Initial Recognition	**1,149**	**1,540**
Accretion of interest	**80**	**107**
Effect of movements in exchange rates	**-**	**3**
Balance as of December 31, 2016	**1,229**	**1,650**

During the year ended December 31, 2016, the Company issued convertible notes in the amount of $12,969 (US$9,672,727) to existing shareholders of the Company, of which $9,386 (US$7,000,000) was issued to Trexs Investments, LLC. (Note 10). The convertible notes are unsecured and bear interest at 0.025% per annum. Interest is calculated monthly and payable on December 31 of each year commencing 2016. The convertible notes are considered below market-rate notes and therefore the differences in the fair value of the convertible notes and the cash received has been recorded as a contribution from shareholders to the equity of the Company.

Using a risk-adjusted discount rate of 20%, the Company calculated and recorded the equity portion of the notes to be $11,412 before the allocation of issuance costs.

The convertible notes mature on June 30, 2028 and are convertible at any point prior to maturity, at the option of the Company, into common shares. The conversion price is determined based on the volume weighted average closing price of the Company's shares during the five trading days immediately preceding the date of conversion.

In connection with the convertible debentures, the Company incurred issuance costs of $144. These issuance costs are recorded as a reduction of the carrying value of the liability ($17) and equity ($127) portions of the convertible debentures.

During the year ended December 31, 2016, accretion expense of $107 was recorded as finance cost with a corresponding increase in the carrying value of the liability. None of these convertible debentures were converted during the year ended December 31, 2016.

As at December 31, 2016, the carrying value of convertible debentures is $1,650 (Note 20).

10. EQUITY

Share capital

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

During the year ended December 31, 2016

- On July 22, 2016, the Company entered into an investment agreement (the "Agreement") with Trexs Investments, LLC, 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 Republic of Colombia under the Canada-Colombia Free Trade Agreement.

  The Investment occurred in two tranches. The first tranche ("Tranche 1") was for US$3 million and the second tranche was for US$11 million. On July 22, 2016, the Company closed Tranche 1 by issuing 10,608,225 common shares with a fair value of $3,917 (US$3 million), which represents 9.99% of the Company's issued and outstanding shares.

  In connection with the Tranche 1 financing, the Company incurred $456 in share issuance costs.

  The second tranche was completed on November 9, 2016 by issuing $5,363 (US$4,000,000) contingent value rights and $9,386 (US$7,000,000) convertible notes to Trexs Investments, LLC. (Note 9).

- The Company issued 46,666 common shares through a cashless exercise provision in exchange of 120,000 options. The Company reclassified the fair value of $23 of the 120,000 options from contributed surplus to share capital.

- The Company issued 66,666 common shares for proceeds of $18 due to the exercise of stock options. In addition, the Company has reclassified the grant date fair value of the exercised options of $13 from contributed surplus to share capital.

During the year ended December 31, 2015

- 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.

- 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.

(Expressed in thousands of Canadian dollars)

10. EQUITY (CONTINUED)

Contingent value rights

During the year ended December 31, 2016, the Company issued five contingent value rights certificates ("CVRs") for gross proceeds of $7,410 (US$5,527,273) of which $5,363 (US$4,000,000) was issued to Trexs Investments, LLC. The CVRs holders have the right to receive an amount equal to 70.48% of the gross amount of the claim proceeds ("Claim Proceeds") from the Request for Arbitration described in Note 1. The Company has an option to settle the Claim Proceeds by issuing common shares of the Company. The conversion price is determined based on the volume weighted average closing price of the Company's shares during the five trading days immediately preceding the date of conversion.

In connection with the issuance of the CVRs, the Company incurred issuances costs of $82.

The Company has pledged all the assets in Colombia to the CVRs' holders.

11. SHARE-BASED PAYMENT 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 years ended December 31, 2016 and 2015 are as follows:

	December 31, 2016		December 31, 2015	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	**6,842,169**	**$ 1.00**	5,143,375	$ 1.36
Granted	**-**	**-**	2,367,000	0.51
Exercised	**(186,666)**	**0.28**	(54,666)	0.29
Expired	**(3,999,003)**	**1.31**	(613,540)	2.11
Outstanding, end of year	**2,656,500**	**$ 0.59**	6,842,169	$ 1.00

During the years ended December 31, 2016 and 2015, share-based compensation of $114 and $975, respectively, was recorded in connection with stock options vested during the period.

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. No options were granted during the year ended December 31, 2016.

(Expressed in thousands of Canadian dollars)

11. SHARE-BASED PAYEMENT ARRANGEMENTS (CONTINUED)

Stock option plan (continued)

During the years ended December 31, 2016 and 2015, 3,999,003 and 613,540 options expired unexercised, respectively.

The following summarizes information about stock options outstanding and exercisable at December 31, 2016:

Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (in years)
2017/04/27	112,500	112,500	$ 2.41	0.32
2017/07/01	50,000	50,000	$ 1.74	0.50
2017/10/09	15,000	15,000	$ 0.87	0.77
2018/05/10	220,000	220,000	$ 0.82	1.36
2018/07/12	150,000	150,000	$ 0.52	1.53
2019/06/01	630,000	630,000	$ 0.28	2.42
2019/07/09	50,000	50,000	$ 0.26	2.52
2019/09/08	300,000	300,000	$ 0.26	2.69
2020/09/02	929,000	802,677	$ 0.50	3.67
2020/10/07	200,000	200,000	$ 0.63	3.77
	2,656,500	**2,530,177**		**2.72**

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:

	For the years ended	
	December 31, 2016	**December 31, 2015**
Risk-free interest rate	N/A	0.54%
Expected annual volatility	N/A	93.91%
Expected life (in years)	N/A	5.00
Expected dividend yield	N/A	0%
Share price ($ per share)	N/A	$ 0.57
Weighted average grant date fair value per option ($ per option)	N/A	$ 0.42

Share appreciation rights ("SARs")

During the year ended December 31, 2015, 400,000 SARs expired. As at December 31, 2016 and 2015, there were no SARs outstanding.

(Expressed in thousands of Canadian dollars)

11. SHARE-BASED PAYEMENT ARRANGEMENTS (CONTINUED)

Share purchase warrants

The changes in share purchase warrants during the years ended December 31, 2016 and 2015 are as follows:

	December 31, 2016		December 31, 2015	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	**63,500**	**$ 6.63**	98,500	$ 5.59
Exercised	**(63,500)**	**6.63**	(35,000)	3.69
Outstanding, end of year	**-**	**$ -**	63,500	$ 6.63

During the years ended December 31, 2016 and 2015, 63,500 and 35,000 warrants expired unexercised, respectively.

As at December 31, 2016 and 2015, there were no share purchase warrants outstanding.

12. FINANCE COST

	December 31, 2016	December 31, 2015
Unwinding of discount on site restoration provision	**$ 344**	$ 425
Interest on convertible notes	**107**	-
Bank charges	**9**	15
Others	**281**	-
	$ 741	$ 440

13. OTHER INCOME

	December 31, 2016	December 31, 2015
Interest income	**$ 18**	$ 11
Other income	**7**	-
	$ 25	$ 11

(Expressed in thousands of Canadian dollars)

14. COMMITMENTS AND CONTINGENCIES

a) Commitments

The following is a schedule of the Company's commitments as at December 31, 2016:

	Total	2017	2018	2019	2020	2021 and thereafter
Site restoration provision [1]	$ 6,298	$ 411	$ 1,721	$ 1,552	$ 840	$ 1,774
Wealth tax [2]	100	100	-	-	-	-
	$ 6,398	**$ 511**	**$ 1,721**	**$ 1,552**	**$ 840**	**$ 1,774**

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, 2016.

b) Contingencies

i) 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. The Company has approached SMLPL with a view to reaching an amicable resolution to the dispute.

14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

b) Contingencies (continued)

ii) On December 20, 2016, a petition was filed with the Supreme Court of British Columbia by two shareholders of the Company against the Company, each of its directors (other than Kevin O'Halloran), Trexs Investments, LLC ("Trexs"), Amber Capital LP and Paulson & Co. Inc. seeking to, among other things, set aside and cancel the Investment Agreement between the Company and Trexs and the contingent value rights and convertible notes issued by the Company pursuant to that agreement. The Company intends to defend the allegations set out in the Petition vigorously. However, any adverse decision in resolving this legal proceeding could have a material adverse effect on the Company.

iii) 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 (Law 1450 of 2011) (the “Plan”) which, among other things, restricted mining activities in páramo ecosystems and required the Colombian Government to determine the boundaries of páramo ecosystems based on a 1:25,000 scale on the basis of technical, social, environmental and economic criteria. The Plan also set out in 2012, in conjunction with granting an extension to the exploration phase of Concession 3452, Colombia’s national mining agency, the ANM, ordered the temporary suspension of mining activities in the areas of Concession 3452 considered to constitute páramo according to the 2007 Atlas of Páramos prepared by the Alexander von Humboldt Institute at a 1:250,000 scale until the boundaries of the páramo ecosystem are determined by the Colombian Government pursuant to the National Development Plan.

Meanwhile, Concession 3452 and the Angostura Project was declared a “Project of National Interest” in 2011 and 2013.

On December 19, 2014, Ministry of Environment and Sustainable Development (Ministerio de Ambiente y Desarrollo Sostenible or “MADS”) issued Resolution 2090 declaring the boundaries of the Santurbán Páramo. The Resolution provided certain exceptions to the restrictions on mining activities in páramo ecosystems, including exceptions for mining concessions for which an environmental license or equivalent environmental management and control instrument had been granted prior to February 9, 2010 and exceptions for mining in the “restoration zone” of the páramo in the traditional mining municipalities of California, Suratá and Vetas which appeared to apply to Eco Oro’s Concession 3452. The National Development Plan enacted in 2015 (Law 1753 of 2015) similarly provided exceptions to the restrictions on mining activities in páramo ecosystems. The Plan also provided that “Projects of National Interest” such as the Angostura Project were of public utility and social interest, and would be subjected to centralized licensing processes before national (rather than regional) authorities.

14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

c) Uncertainties (continued)

Páramo ecosystem boundaries (continued)

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) which, among other things, held that the provisions of the National Development Plan that set out certain exceptions to the restrictions on mining in páramo ecosystems were unconstitutional. 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 importance, 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 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.

Following the notification of the dispute to the Government, on August 8, 2016, in response to the Company's application to extend the exploration phase of Concession 3452, the ANM notified the Company of its decision to extend the exploration phase only in relation to those areas that fall outside the "preservation" zone of the Santurbán Páramo. This decision effectively deprived Eco Oro of rights under Concession 3452 and materially affected the viability of the Project. More recently, the ANM has indicated that Eco Oro may also be prohibited from carrying out mining activities within the "restoration" zone of the Santurbán Páramo. Eco Oro has sought clarification from the ANM on this matter and is awaiting a response. If mining is forbidden in the restoration zones, then Eco Oro would lose additional rights over the area of Concession 3452. Furthermore, in light of current legal uncertainties, the relevant environmental authorities have informed the Company that the Angostura project cannot currently be licensed.

While the Company has commenced the ICSID Arbitration, it remains open to engagement with the Colombian authorities in order to achieve an amicable resolution of the dispute.

(Expressed in thousands of Canadian dollars)

15. SUPPLEMENTARY CASH FLOW INFORMATION

Change in non-working capital

	For the years ended	
	December 31, 2016	December 31, 2015
Accounts receivable	**$ -**	$ 15
Prepaid expenses and deposits	**(26)**	65
Trade and other payables	**2,164**	(254)
Long-term employee benefits	**(8)**	1
	$ 2,130	$ (173)

Others

	For the years ended	
	December 31, 2016	December 31, 2015
Reclassification of grant-date fair value on expired or cancelled warrants	**$ 233**	$ 84
Reclassification of grant-date fair value on exercised options	**36**	11
Reclassification of equity portion of convertible debentures on issuance date	**11,285**	-
Exchange plant and equipment for debt settlement	**59**	

16. 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, guaranteed investment certificates, accounts receivable, trade and other payables, amounts payable on exploration and evaluation asset acquisition, and convertible notes. 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.

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Currency risk (continued)

The Company had the following balances as at December 31, 2016:

	in CAD (in thousands)	in USD (in thousands)	in COP (in thousands)
Cash	34	13,686	427,925
Accounts receivable	-	-	32,117
Trade and other payables	(269)	(1,484)	(2,045,871)
Amounts payable on exploration and evaluation asset acquisition	-	-	(2,150,000)
Convertible notes	-	(1,229)	-
Total	**(235)**	**10,973**	**(3,735,829)**
Foreign currency rate	1.000	1.3437	0.0004
Equivalent to Canadian dollars	**$ (235)**	**$ 14,744**	**$ (1,672)**

Based on the above net exposures as at December 31, 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 $1,307.

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

	in CAD (in thousands)	in USD (in thousands)	in COP (in thousands)
Cash	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)
Total	**1,457**	**(13)**	**(3,925,518)**
Foreign currency rate	1.000	1.3869	0.0004
Equivalent to Canadian dollars	**$ 1,457**	**$ (18)**	**$ (1,736)**

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 $171.

The Company does not invest in derivatives to mitigate these risks.

In addition, as the functional currency of the Company's operations in Colombia (COP) is different from the Company (CAD), any non-monetary assets and liabilities in these foreign jurisdictions subject the Company to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows.

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

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 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 $18,616 as at December 31, 2016 (December 31, 2015 - $1,704), an increase or decrease in the annual interest rate of 1% would result in a corresponding increase or decrease of annual interest income by $186 (December 31, 2015 - $17).

The Company's convertible notes are not subject to interest rate risk as it is not subject to a variable interest rate.

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 is held through large Canadian financial institutions.

The total cash, guaranteed investment certificates and accounts receivable represent the maximum credit exposure. The Company limits its credit risk exposure by holding cash 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 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, 2016 and 2015, all of the Company's other financial liabilities except for convertible notes have maturities less than one year.

(Expressed in thousands of Canadian dollars)

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

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, 2016		December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Loans and receivables				
Cash	$ 18,616	$ 18,616	$ 1,669	$ 1,669
Guaranteed investment certificate	-	-	35	35
Accounts receivable	14	14	14	14
	$ 18,630	$ 18,630	$ 1,718	$ 1,718
Financial liabilities:				
Other financial liabilities				
Trade and other payables	$ 3,180	$ 3,180	$ 1,064	$ 1,064
Amounts payable on exploration and evaluation asset acquisition	963	963	951	951
Convertible notes	1,650	1,650	-	-
	$ 5,793	$ 5,793	$ 2,015	$ 2,015

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.

As at December 31, 2016 and 2015, 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. The Company manages, and makes adjustments to its capital structure based on the level of funds on hand and anticipated future expenditures. In order to maintain or adjust the capital structure, the Company has, when required, raised additional capital from shareholders. The Company has not paid dividends, nor returned capital to shareholders to date. As at December 31, 2016 and 2015, the Company considers equity as capital.

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.

(Expressed in thousands of Canadian dollars)

17. RELATED PARTIES

a) Subsidiaries

	Ownership interest at	
	December 31, 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 years ended	
	December 31, 2016	December 31, 2015
Short-term benefits	**$ 584**	$ 810
Share-based payments	**93**	737
	$ 677	$ 1,547

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 $730 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.

(Expressed in thousands of Canadian dollars)

17. RELATED PARTIES (CONTINUED)

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 years ended			
	December 31, 2016		December 31, 2015	
Fintec Holdings Corp. ("Fintec")				
Management fees	**$**	**120**	$	243
Quantum Advisory Partners LLP ("Quantum")				
Management and accounting services	**$**	**162**	$	176
James H. Atherton Law Corporation ("Law Corp")				
Legal services	**$**	**39**	$	131
Terrastrat Consulting Inc. ("Terrastrat")				
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.

During the year ended December 31, 2016, the Company issued convertible notes in the amount of $43 (US$31,818) (Note 9) and one contingent value rights certificate in the amount of $24 (US$18,182) (Note 10) to the Company's Executive Co-chairman.

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 provided by Law Corp. related to day-to-day legal services provided to the Company.

At December 31, 2016, $12 is due to the officers of the Company which was included in trade and other payables (December 31, 2015 – $43).

(Expressed in thousands of Canadian dollars)

18. 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 December 31, 2016						
Evaluation and exploration assets	$	-	$	1	**$**	**1**
Plant and equipment		-		-		**-**
Liabilities		(2,264)		(8,885)		**(11,149)**
	$	**(2,264)**	**$**	**(8,884)**	**$**	**(11,148)**
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 year ended December 31, 2016	$	4,435	$	32,314	**$**	**36,749**
For the year ended December 31, 2015		3,029		2,623		**5,652**
Total comprehensive loss:						
For the year ended December 31, 2016	$	4,435	$	32,712	**$**	**37,147**
For the year ended December 31, 2015		3,029		(408)		**2,621**

19. INCOME TAX

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

		2016		**2015**
Loss for the year	$	(36,749)	$	(5,652)
Expected income tax (recovery)	$	(9,555)	$	(1,470)
Permanent Differences		74		(471)
Share issue costs		119		(7)
Change in unrecognized deductible temporary differences and other		9,362		1,948
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

(Expressed in thousands of Canadian dollars)

19. INCOME TAX (CONTINUED)

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:

		2016		2015
Deferred Tax Assets (liabilities)				
Exploration and evaluation assets	$	76,395	$	73,481
Property and equipment		1,833		1,335
Share issue costs		91		27
Asset retirement obligation		1,389		1,005
Convertible notes		(2,943)		-
Non-capital losses		17,031		15,685
	$	93,797	$	91,533
Unrecognized deferred tax assets		(93,797)		(91,533)
Net deferred tax assets	**$**	**-**	**$**	**-**

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:

		2016	Expiry Date Range		2015	Expiry Date Range
Temporary Differences						
Exploration and evaluation assets	$	293,827	No expiry date	$	282,618	No expiry date
Property and equipment		7,051	No expiry date		5,134	No expiry date
Share issue costs		352	2037 to 2040		104	2036 to 2039
Asset retirement obligation		5,342	No expiry date		3,864	No expiry date
Convertible notes		(11,319)	No expiry date		-	-
Allowable Capital losses		200	No expiry date		162	No expiry date
Losses carried forward available for future period		65,305	2026 to 2036		60,168	2026 to 2035

20. SUBSEQUENT EVENTS

Subsequent to December 31, 2016:

- The Company issued 269,852 common shares through a cashless exercise provision in exchange of 457,001 options.
- The Company converted US$4,721,258 of its outstanding convertible notes through the issuance of 10,600,000 common shares.