



ECO ORO MINERALS CORP.

Management's Discussion and Analysis

March 31, 2017

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1. INTRODUCTION

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Eco Oro Minerals Corp. ("Eco Oro", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the consolidated financial statements and notes thereto prepared in accordance with International Financial Reporting Standards ("IFRS") for the three months ended March 31, 2017. This MD&A should be read in conjunction with our annual audited consolidated financial statements for the year ended December 31, 2016 and the most recent Annual Information Form, which are available on the SEDAR website at www.sedar.com.

This MD&A is prepared as of May 15, 2017. All dollar amounts in this MD&A are expressed in thousands of Canadian dollars, unless otherwise specified. United States dollars and Colombian pesos are referred to as "US\$" and "COP," respectively.

2. OVERVIEW

Eco Oro is a Canadian publicly-listed, precious metals exploration and development company with operations in Colombia. For over two decades, the Company's focus has primarily been its wholly-owned, multi-million ounce Angostura gold-silver deposit (the "Angostura Project"), located in northeastern Colombia, during which time it has invested a significant amount in the project's development and in that of the surrounding communities. Historically, the Company has aimed to maximize long-term value for its shareholders by developing its Angostura Project and its satellite prospects through to construction and mining. Despite the Company having diligently complied with Colombian regulations and its obligations under its mining titles, recent measures of the Government of Colombia (the "Colombian State") have deprived Eco Oro of its rights and have brought into question the viability of the Angostura Project. As explained below, these measures are now the subject of a dispute between Eco Oro and the Colombian State under the Free Trade Agreement between Canada and Colombia signed on November 21, 2008 and which entered into force on August 15, 2011 (the "Free Trade Agreement").

Because of the Colombian State's measures, the Company filed a request for arbitration (the "Request for Arbitration") with the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") against Colombia on December 8, 2016 ("ICSID Arbitration").

While the Company's primary objective had always been the development of the Angostura Project, in the continued absence of any engagement by the Colombian State, the ICSID Arbitration has now become the core focus of the Company.

3. ICSID ARBITRATION

Status of the ICSID Arbitration

In the ICSID Arbitration Eco Oro seeks compensation for all of the loss and damage resulting from the Colombian State's wrongful conduct and its breaches of the protections set forth in the Free Trade Agreement against expropriation, unfair and inequitable treatment and discrimination in respect of the Angostura Project and the related licenses, as discussed further below.

On December 8, 2016, Eco Oro filed the Request for Arbitration with ICSID against Colombia. The claim relates to the Colombian State's measures which have deprived Eco Oro of its rights under its main mining title, Concession 3452, comprising the Angostura gold and silver deposit, depriving Eco Oro from

the returns that would have resulted from its investment in the development of the deposit, thereby destroying the value of those investments, in violation of Colombia's obligations under the Free Trade Agreement.

On December 29, 2016, ICSID registered the Request for Arbitration. The three-member tribunal for the ICSID Arbitration ("Tribunal") has yet to be fully constituted. Once the Tribunal is constituted, a procedural hearing will take place which will establish, among other things, the procedural calendar for the ICSID Arbitration. According to the ICSID Rules, the arbitration begins with a written phase, during which parties submit one or more pleadings and accompanying evidence, followed by an oral phase that will consist of one or more hearings during which the parties will present their case and examine any witnesses and experts. The schedule of pleadings and hearings will be established in a procedural order to be issued by the Tribunal. Following the closure of proceedings, the Tribunal will deliberate and issue a written award, which will be final and binding, and subject only to the limited post-award remedies set out in the ICSID Convention.

Background to the Dispute

Eco Oro was one of the first foreign mining companies to invest in Colombia's gold mining sector. Since the mid-1990s, Eco Oro has invested hundreds of millions of dollars to develop the Angostura Project by completing more than 360,000 meters of drilling and 3,000 meters of underground development. As a result of these investments, Eco Oro declared resources for the Angostura deposit where none existed before, and doubled those resources between 1999 and 2015. The deposit is now one of the largest in Colombia. Eco Oro made these investments in reliance on Colombia's commitments in its mining titles, including Concession 3452, which was stabilized pursuant to Colombia's 2001 Mining Code. The Colombian State made repeated assurances of support for Eco Oro's Angostura Project, even declaring it to be a "project of national interest" in 2011 and again in 2013.

Despite these commitments and assurances, the Colombian State, through the Colombian National Mining Agency (Agencia Nacional de Minería or "ANM") issued a decision in August 2016 depriving Eco Oro of its mining rights in respect of 50.73% of the Concession area that falls within the preservation zone of the Santurbán Páramo, established in Ministry of Environment Resolution 2090 of December 2014 ("Resolution 2090"), on the basis of a decision rendered by the Colombian Constitutional Court in February 2016. The ANM's decision came five months after Eco Oro formally notified Colombia, on March 7, 2016, of its intent to submit to arbitration a dispute arising under the Free Trade Agreement. The ANM has since 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. Eco Oro's rights are therefore under threat of further encroachments, given the risk that the Colombian Constitutional Court and National Mining Agency will issue future decisions further reducing the area accessible to Eco Oro.

The exploration phase of Concession 3452 will expire in August 2018, by which date Eco Oro must have completed the licensing for the project. However, as a consequence of the uncertainties described above, the Angostura Project cannot currently be licensed.

The result of the Colombian State's measures is that the Angostura Project has been rendered unviable. The Colombian State's measures have not only deprived Eco Oro of its investment but also the returns that would have resulted from Eco Oro's investment of hundreds of millions of dollars over the past two decades in reliance upon commitments from the Colombian State. Eco Oro is therefore asserting its entitlement to recover the losses to its investment resulting from Colombia's breaches. The amount of those losses will be determined at a later stage in the ICSID Arbitration.

Impairment of Project Assets & Financing Arrangements

Impairment of Project Assets

In 2016, the Company assessed the Angostura Project for asset impairment based on the guidance in IAS 36 *Impairment of Assets*. 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 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 recorded a non-cash write-down of \$24,574 relating to all mineral property and \$1,620 of its plant and equipment located in Colombia during the 2016 financial year (the "Impairment"). The Impairment was based on international accounting standards, and thus without prejudice to the legal qualification that the Colombian assets may be given under Colombian or international law (including the Free Trade Agreement). Given the nature of the assessed impairment indicators that have given rise to the Impairment, there is significant uncertainty over whether it will be appropriate to capitalize future expenditures that the Company may incur in preserving its assets in Colombia.

Financing Arrangements

In order for the Company to be able to meet its obligations and continue its operations for the foreseeable future, including funding to pursue the ICSID Arbitration, as well as for general working capital purposes, the Company entered into various investment agreements during 2016 with respect to an aggregate investment in the Company of US\$18.2 million (the "Investment"). Pursuant to the agreements, the proceeds of the Investment will be used by the Company to fund the ICSID Arbitration and general working capital.

The Investment occurred in two tranches. The first tranche was for US\$3 million and the second tranche was for US\$15.2 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. The second tranche was completed on November 9, 2016 by issuing \$7,410 (US\$5.5 million) Contingent Value Rights, entitling the investors to approximately 71% of the gross proceeds of the ICSID Arbitration, and \$12,969 (US\$9.7 million) convertible notes to Trexs Investments, LLC ("Trex" or the "Investor"), an entity managed by Tenor Capital Management Company, L.P., and other existing shareholders.

On December 20, 2016, a petition was filed (the "Investment Agreement Petition") with the Supreme Court of British Columbia (the "Court") by two shareholders of the Company, against the Company, each of its directors (other than Kevin O'Halloran), Trex, Amber Capital LP and Paulson & Co. Inc. seeking to, among other things, set aside and cancel the investment agreement between the Company and Trex (the "Investment Agreement") and the contingent value rights and convertible notes issued by the Company pursuant to the Investment Agreement. The Company intends to defend the allegations set out in the Investment Agreement Petition vigorously.

On February 10, 2017, two shareholders of the Company (the "Requisitioners") delivered a requisition under the *Business Corporations Act* (British Columbia) requiring that the Company call and hold a meeting of its shareholders for the purpose of replacing the current Board of Directors of the Company.

The Board called an annual general and special meeting of the Company (the “Meeting”) to be held on April 25, 2017.

As a result of various considerations, including the Board’s desire to de-risk the Company’s balance sheet and enhance its financial flexibility by extinguishing part of the Company’s outstanding debt obligations at a favourable share price, on March 16, 2017, the Company converted approximately US\$4,721,258 of its outstanding unsecured convertible indebtedness through the issuance of 10,600,000 common shares (the “Converted Shares”). Following the partial conversion, approximately US\$4,951,470 of convertible indebtedness remains outstanding as at the date of this MD&A.

On March 22, 2017, a petition was filed with the Court by the Requisitioners of the Company (the “Conversion Petition”). The Conversion Petition sought various remedies against the Company including that the Converted Shares be cancelled or, alternatively, not be allowed to be voted at the Meeting. The same shareholders also applied to the Ontario Securities Commission (the “OSC”) for orders to set aside the Toronto Stock Exchange’s (the “TSX”) conditional approval of the Converted Shares, requiring shareholder approval for the issuance of the Converted Shares, and an order cease trading the Converted Shares.

In April 2017, the OSC released an order (the “OSC Order”) that, among other things, overturns the March 10, 2017 decision of the TSX to grant conditional approval for the issuance of the Converted Shares. The OSC has yet to issue its reasons for the decision and the Company has commenced an appeal of the OSC Order.

Shortly after the release of the OSC Order, the Court dismissed the Conversion Petition and adjourned the Meeting originally scheduled to take place on April 25, 2017 (the “Court Ruling”). The Court found in favour of Eco Oro on all matters, and dismissed the Conversion Petition, with costs, in favour of Eco Oro ruling that the issuance of the Converted Shares was not oppressive and that it does not deny Eco Oro shareholders their right to a fair election.

In a supplementary ruling issued concurrently with the Court Ruling, the Court exercised its jurisdiction under the *Business Corporations Act* (British Columbia) and ordered that the Meeting “be adjourned to a date to be set by the board of directors prior to September 30, 2017, to allow the parties an opportunity to take whatever steps they deem appropriate to resolve the conflict between the OSC order and the Court Ruling”. On April 28, 2017, the petitioners filed a notice of appeal to set aside the portion of the Court Ruling adjourning the Meeting. The appeal is scheduled to be heard on May 23, 2017. The Company intends to defend the allegations set out in the appeal vigorously and is conferring with its legal advisors to determine how best to proceed to reconcile the Court Ruling with the OSC Order to ensure that the Company can conduct a fair and efficient meeting in the interests of all shareholders.

On May 12, 2017, the Company commenced an application (the “Group Application”) in the Ontario Superior Court of Justice with respect to improper activities undertaken by a group of disgruntled shareholders of the Company. Pursuant to the Group Application, the Company is seeking, among other things, declarations that these shareholders have been acting “jointly or in concert” within the meaning of applicable securities laws without making the required disclosure and that these shareholders have violated applicable take-over bid rules.

As part of the implementation of the Investment Agreement, the Company covenanted to deliver certain Colombian security documents, registrations, opinions and certificates of insurance relating to the security granted in connection with the contingent value rights certificates. As a result of delays in

completion of these obligations, the Company has sought and obtained from the Investor, waivers and extensions for the timing of completion of these obligations (collectively, the "Waivers").

Additionally, due to of the numerous legal and regulatory proceedings that have been commenced by a group of disgruntled shareholders of the Company with respect to the Investment Agreement and the Converted Shares, the Company has been required to spend significant and previously unbudgeted amounts defending those proceedings. As a result, upon the expiry of the current Waiver from the Investor, the Company believes that it will be in default under the contingent value rights certificates in respect of certain covenants and restrictions on the business of the Company regarding the use of the investment proceeds, which defaults are currently covered by the Waiver.

The current Waiver will expire on May 23, 2017. The Investor has not provided any notice of enforcement to the Company in connection with any default or event of default, or accelerated the obligations under any of the Investment Agreement, the contingent value rights certificates or the convertible notes, and the Company continues to pursue the fulfilment of all of its obligations under those documents, and has been engaged in good faith negotiations with the Investor to implement a permanent solution to any defaults. However, no assurance can be given that such a solution will be achieved or implemented on a timely basis or at all. If the Company fails to achieve or implement a solution with the Investor or obtain an extension of the Waiver, the Company will be in default of certain of its covenants and obligations under the Investment Agreement and the contingent value rights certificates issued by the Company.

Under the contingent value rights certificates and the convertible notes, upon the occurrence of an event of default that is continuing, the Investor can, at any time, exercise its rights and remedies under the contingent value rights certificate and the convertible notes including, but not limited to, demanding full repayment and enforcing its security interest against collateral. The Company has no assurance that if the Investor accelerated their debt obligations, additional funding would be available to it on such short notice to satisfy those obligations

4. PROJECT PERMITTING STATUS AND LEGAL CHALLENGES

In the context of the above disclosures concerning the ICSID Arbitration, the information set out below and elsewhere in this MD&A relating to the Angostura Project, the mining title, the Company's mineral resources, permitting, the pending arbitration proceedings, and other developments, is for background purposes only and should not be interpreted as being indicative of the Company's expectations as at the date of this MD&A regarding the future development of the Angostura Project.

Background

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

Mining Title

The Angostura Project's principal mining title is concession contract 3452 (the "Concession"), which was created by the consolidation of ten previously existing titles, two concession contract requests and one exploration license request. The Concession was granted in 2007 over an area of 5,244 hectares that contains the Angostura and the Móngora deposits and Violetal prospect, for a period of twenty years (expiring in 2027), renewable for an additional 30 years.

On May 6, 2016, the Company applied to the ANM for a further two-year extension of the exploration phase of its Concession. At the time, Eco Oro's mining rights with respect to the area of the Concession had not been modified by the Colombian State and were fully in force. On July 26, 2016, however, prior to its decision on the Company's extension request, the ANM wrote to the Company requesting payment of the annual canon on the Concession. The ANM indicated that payment should be made only in relation to 49.27% of the total area of the Concession because the remainder fell within the preservation area of the Santurbán Páramo. On August 5, 2016, the Company responded to the ANM's letter noting that it did not understand the basis for the ANM's position since its rights under the Concession had not been terminated or modified in any way. The Company indicated that it had paid the amounts requested by the ANM on the understanding that its rights would be fully respected, and that it remained willing and ready to pay the canon corresponding to the total area of the Concession. The Company fully reserved its rights under international law and the Free Trade Agreement.

The Company was subsequently notified on August 8, 2016 of 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 that falls within the preservation zone of the Santurbán Páramo which was established pursuant to Ministry of Environment Resolution 2090. 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"), which struck down exceptions to the restrictions on mining in the Santurbán Páramo that were applicable to Eco Oro.

The ANM's Resolution came five months after the Company announced on March 7, 2016 that it had formally notified Colombia of its intent to submit to arbitration a dispute arising under the Free Trade Agreement between Canada and Colombia (the "Dispute") in connection with Colombia's failure to comply with its obligations under the Free Trade Agreement and international law. Thus, using the Constitutional Court Decision of February 8, 2016 as a pretext, the ANM has now deprived the Company of vital rights under the Concession as well as the returns that would have resulted from the hundreds of millions of dollars of investments that the Company has made for over two decades in reliance upon those rights.

The ANM has since 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. Eco Oro's rights are therefore under threat of further encroachments, given the risk that the Colombian Constitutional Court and National Mining Agency will issue future decisions further reducing the area accessible to Eco Oro.

Mineral Resources

On June 8, 2015, the Company released an updated mineral resource estimate for its Angostura Project. As set out in the National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") Technical Report filed on July 17, 2015, the resource estimate is based on information from 1,069 diamond drill holes totaling 362,575 meters of drilling, including 96 drill holes totaling 40,468 meters from the Company's infill drilling program conducted from June 2011 to September 2012. However, given the ANM's actions affecting the area available for mining within Concession 3452 described above, the extent of the area of Concession 3452 that remains available for mining is uncertain, and therefore the Company is unable to accurately estimate the resources that remain available at this time.

Regional Park

In a process separate from the determination of the boundaries of Santurbán Páramo, the Autonomous Regional Corporation for the Defense of the Plateau of Bucaramanga (Corporación Autónoma Regional para la Defensa de la Meseta de Bucaramanga or “CDMB”) was considering the boundaries of a proposed regional park to protect the Santurbán Páramo, among other ecosystems. In January 2013, the coordinates of the Regional Park of Santurbán (the “Park”) were approved by the CDMB. The Company's assessment at the time indicated that the officially-declared Park boundaries did not impede development of the Angostura Project. Indeed, the ANM did not alter Eco Oro's mining titles and concessions as a result of the creation of that Park. The Angostura deposit, the Company's principal asset, covered a total area of 215 hectares of which 193 hectares, or 90%, falls outside of the surface boundaries of the Park.

However, as noted above, the August 2016 ANM Resolution has 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 as established by Ministry of Environment Resolution 2090 of December 2014, and there is a risk that Eco Oro's rights may suffer further encroachments, as discussed above.

Permitting

The Company requested the National Authority for Environmental Licensing (*Autoridad Nacional de Licencias Ambientales* or “ANLA”) to provide terms of reference for an Environmental and Social Impact Assessment (“EIA”) for an underground operation. In March 2012, the Company received terms of reference for an EIA for the underground Angostura Project that, according to the ANLA, had to consider the delimitation of the Santurbán Páramo. That delimitation was subsequently accomplished through Resolution 2090 of December 2014. That Resolution and the subsequent Law 1753 of 2015 contained exceptions to the restrictions on mining activities in the Santurbán Páramo that applied to Eco Oro.

In January 2016, the Company requested that ANLA provide updated terms of reference for an EIA. These terms of reference were not issued, however, as a consequence of the Constitutional Court Decision of February 8, 2016 that transferred the responsibility for issuing such terms of reference to the regional environmental agency (the “CDMB”).

In light of current legal uncertainties, the relevant environmental authorities have informed the Company that it is not in a position to issue the environmental license for the Angostura Project required for exploitation.

Other Developments

In May 2012, the Company applied to the ANM for a two-year extension to its exploration phase of concession 3452. The ANM granted the extension sought but required the Company to temporarily suspend mining activities in the areas deemed to constitute páramo according to the Atlas of Páramo issued by Von Humboldt Institute until the boundaries of the Santurbán Páramo ecosystem had been determined. In July 2013, the Company filed before the ANM a request for the suspension of exploration activities in all the area of Concession 3452 until the boundaries of the Santurbán Páramo had been determined. In December 2013, the ANM issued Resolution 001024, allowing the requested suspension for a 6-month term, from July 1, 2013 until December 31, 2013, clarifying that the suspension would be lifted if the boundaries were determined before the expiration of the term. In May 2014, the Company applied to the ANM for a further 2-year extension to its exploration phase of concession 3452. In August 2014, the Company received notice from the ANM that the extension was granted. The Company filed two subsequent exploration activities suspension requests, which were

granted by the ANM. The suspensions of activities were finally lifted upon the issuance of Resolution 2090 of December 2014 that provided the coordinates of the Santurbán Páramo. Resolution 2090 provides that no new mining concession contracts may be executed and no environmental licenses may be issued for mining activities in the Santurbán Páramo. However, mining activities carried out under concession contracts and mining titles with environmental licenses or equivalent environmental management and control instruments granted prior to February 9, 2010 that are within the Santurbán Páramo may continue to be carried out until their termination, without extension, subject to strict supervision by mining and environmental authorities. Resolution 2090 also provides that mining may take place within the “restoration zones” of the Santurbán Páramo located in the traditional mining municipalities of Vetás, California and Suratá, subject to stricter environmental controls. Pursuant to Law 1753, 2015, known as the “National Development Plan” mining activities are restricted páramo ecosystems, although as under Resolution 2090 certain exceptions apply.

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. 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 their importance, it declared the provisions of the National Development Plan that provided that the ANLA would have exclusive authority for licensing such projects, regardless of the size of the project, unconstitutional.

As discussed above, in May 2016, the Company applied to the ANM for a further two-year extension to the exploration phase of concession 3452. On August 8, 2016, Eco Oro received a decision from the ANM rendered on August 2, 2016 through ANM Resolution VSC 829 which granted an extension of the exploration phase for Concession 3452, only for the areas that fall outside the “preservation zone” of the Santurbán Páramo established in Resolution 2090, which corresponds to 50.73% of the concession area, citing the February 8, 2016 decision of the Colombian Constitutional. Consequently, the resources located in the preservation zone of the Santurbán Páramo are no longer accessible for development and extraction.

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.

In addition, the Company was notified that a lawsuit (*Acción de Tutela*) was filed before the Constitutional Court against the Ministry of Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*) that seeks to strike down Resolution 2090. The court’s decision on this matter is still pending.

La Plata

The La Plata property lies within a mineralized belt related to the northeast-southwest trending La Baja Fault, which has given rise to a number of mineralized occurrences where gold and silver mineralization is associated with flexures along the main fault. Drilling at La Plata carried out by the Company in 2010 and 2011 encountered good grade mineralization well suited for underground mining and highlighted very high-grade silver mineralization. No drilling has been conducted on the property since 2011.

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 (plus interest and indexation), 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. In October 2013, the Company filed with the Judicial District Tribunal Superior Court of Bucaramanga a motion for annulment of the arbitration panels' decision on the basis, among other things, that: the arbitration tribunal lacked jurisdiction to rule on the subordinate partial assignment agreements as they did not contain arbitration clauses; and the statute of limitations should have been applied to the Annulled Agreements as they were subordinate to the La Plata Assignment Agreement. In February 2014, the Company was notified of the decision rendered by the Judicial District Tribunal Superior Court with respect to the motion for annulment and the Company was not successful. In August 2014, the Company filed with the Supreme Court an action (Acción de Tutela or "Tutela Action") seeking the revocation of the decisions of the arbitration panel and Judicial District Tribunal Superior Court. In September 2014, the Company was notified of the decision rendered by the Supreme Court in the Tutela Action and the Company was not successful. This decision was appealed to the Supreme Court and, in November 2014, the Company was notified of the decision rendered by the Supreme Court in the appeal and the Company was not successful. To date, the ANM has rejected SMLPL's request to register the decision of the arbitration panel and cancel registration of the Annulled Agreements and, as such, 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 the 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.

Qualified Person

Mark Moseley-Williams, President and CEO of Eco Oro and a qualified person as that term is defined in NI 43-101, has reviewed and verified the technical information contained in this MD&A.

5. OUTLOOK

Notwithstanding the continuation of the ICSID Arbitration process, the Company continues to seek engagement with the Colombian authorities in order to achieve an amicable resolution of the dispute.

In the meantime, the Company's immediate plans for the ensuing year are as follows:

- to continue to vigorously defend and respond to the various adversarial proceedings, unrelated to the ICSID Arbitration, commenced in multiple jurisdictions by a group of disgruntled shareholders of the Company, including the Investment Agreement Petition and the Conversion Petitions;
- to prosecute and pursue the various claims brought by the Company, including the defamation claim filed by Eco Oro and its directors in the Court on April 5, 2017 and the application commenced by the Company on May 12, 2017 in the Ontario Superior Court of Justice with respect to improper activities undertaken by a group of disgruntled shareholders of the Company;
- to seek out and implement the funding necessary to address the significant shortfall in Arbitration funding, resulting from the costs associated with responding to, defending and addressing the various actions and activities commenced by a group of disgruntled shareholders of the Company;
- to advance the ICSID Arbitration, including the constitution of the Tribunal, the establishment of a procedural calendar, and filing of its memorial in support of its claim;
- to continue to assess the Company's activities, including monetization of certain of the Company's assets and cost reduction to support the preservation of its core assets and rights;
- to carefully manage its cash resources (including the potential disposition of assets, plant and equipment acquired for the Project);
- to continue to assess the Company's mining titles and the on-going requirements in order to determine a renewal strategy given the on-going ICSID Arbitration; and,
- the protection of its rights and interests in Colombia (including, so far as reasonably practical and desirable, ensuring that existing licenses and permits remain in good standing).

6. RESULTS OF OPERATIONS

Three months ended March 31, 2017

	For the three months ended		Change	
	March 31, 2017	March 31, 2016	in \$	Note
Exploration and evaluation expenses:				
Legal fees	\$ 302	\$ 21	\$ 281	a
Salaries and benefits	388	479	(91)	b
Administrative expenses	218	252	(34)	b
Other exploration and evaluation expenses	60	89	(29)	b
Environmental expenses	31	(9)	40	
Surface rights	10	24	(14)	
Depreciation	-	86	(86)	
	1,009	942	67	
General and administrative expenses:				
Legal fees	2,522	70	2,452	c
Other professional fees	358	57	301	c
Administrative expenses	88	103	(15)	d
Salaries and benefits	33	51	(18)	d
Share-based compensation	6	26	(20)	e
	3,007	307	2,700	
	\$ 4,016	\$ 1,249	\$ 2,767	
Other items				
Equity tax	46	113	(67)	f
Finance cost	167	88	79	g
Foreign exchange loss	144	37	107	h
Gain on disposal of plant and equipment	-	18	(18)	
Other income	(91)	(3)	(88)	
	266	253	13	
NET LOSS FOR THE PERIOD	\$ 4,282	\$ 1,502	\$ 2,780	
OTHER COMPREHENSIVE EXPENSES				
Foreign currency translation differences for foreign operations	\$ 220	\$ 319	\$ (99)	
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 4,502	\$ 1,821	\$ 2,681	

- a) The increase in exploration and evaluation legal fees in the current period was primarily due to the legal dispute with the Colombian State.
- b) The decrease in administrative expenses, other exploration and evaluation expenses, and salaries and benefits was primarily due to the continuation of cost reduction initiatives implemented by the Company.
- c) The increase in general and administrative legal fees and other professional fees in the current period was primarily associated with responding to, defending and addressing various legal and regulatory proceedings and activities commenced by a group of disgruntled shareholders. The Company incurred \$2,522 in legal fees and \$358 in other professional fees, which are mainly related to the defence of matters relating to the Requisitioners' actions (\$1,123), and research on various economic issues in connection with ICSID Arbitration (\$772). The legal fees relating to these actions are significantly higher than expected due to the Requisitioners commencing actions in multiple jurisdictions.
- d) The decrease in administrative expenses and salaries and benefits in the current period was due to the continuation of cost reduction initiatives implemented by the Company.
- e) Share-based payments decreased primarily due to a fewer number of options vested during the three months ended March 31, 2017. There were no options granted during the three months ended March 31, 2017 and 2016.

- f) The equity 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. The decrease in equity tax is primarily due to impairment of the plant and equipment and exploration and evaluation assets during the year ended December 31, 2016.
- g) The increase in finance costs was primarily related to the accretion of interest of the convertible notes.
- h) The foreign exchange gain was primarily a result of the retranslation of the Company's net monetary liability position denominated in COP into Canadian dollars.

7. SELECTED FINANCIAL INFORMATION

	As at:	March 31, 2017	December 31, 2016	December 31, 2015
Total assets	\$	16,862	\$ 18,751	\$ 28,805
Total long-term liabilities		6,105	6,601	3,886

	For the three months ended:	March 31, 2017	March 31, 2016	March 31, 2015
Loss and comprehensive loss	\$	4,502	\$ 1,821	\$ (345)
Basic and diluted loss per share		0.04	0.02	0.02

The decline in total assets as of March 31, 2017 when compared to December 31, 2016 is mainly due to ongoing administrative costs and professional and legal fees incurred to maintain the Company in good standing. The decrease in total long-term liabilities as of March 31, 2017 when compared to December 31, 2016 is mainly due to conversion of the convertible notes during the three months ended March 31, 2017.

The decline in total assets in 2016 when compared to 2015 is mainly due to the impairment of exploration and evaluation assets and property and equipment during the year ended December 31, 2016. In addition, the increase in total liabilities in 2016 when compared to 2015 is mainly due to the issuance of convertible debentures and contingent value rights for gross proceeds of \$20,380 (US\$15,200,000) during the year ended December 31, 2016. In addition, during the year ended December 31, 2016, the Company issued 10,608,225 common shares with a fair value of \$3,917. The Company has no operating revenue and relies primarily on equity financing to fund its activities. There have been no distributions or cash dividends declared for the periods presented.

8. SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Exploration and evaluation expenditures	\$ 1,009	\$ 2,253	\$ 1,325	\$ 908
General and administrative expenses	3,007	3,169	135	750
Other items	266	26,593	172	(58)
Net loss for the period	4,282	32,015	1,632	1,600
Basic and diluted loss per share	0.04	0.30	0.02	0.02

	Three months ended			
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Exploration and evaluation expenditures	\$ 942	\$ 1,276	\$ 1,092	\$ 1,491
General and administrative expenses	307	383	979	588
Other items	253	(395)	(1,029)	(44)
Net loss for the period	1,502	1,264	1,042	2,035
Basic and diluted loss per share	0.02	0.01	0.01	0.02

Exploration and evaluation costs remained at relatively constant levels in each quarter of 2015 as the Company focused on various external and internal technical studies as well as continued with certain cost reduction initiatives.

Except for the increase in legal fees and other associated expenses which were related to the legal dispute with the Colombian State, from the third quarter of 2016 to the first quarter of 2017 the exploration and evaluation costs remained at relatively constant levels due to the cost reduction initiatives. In the fourth quarter of 2016, the Company recognized \$614 environmental expenses due to the change in estimates of the site restoration provision.

Except for the significant increase in legal fees and other expenses associated with the numerous legal and regulatory proceedings and activities commenced against the Company in the first quarter of 2017 and fourth quarter of 2016, general and administrative costs remained at relatively constant levels in the past quarters as the Company continued with certain cost reduction initiatives. In third quarter of 2015, the Company granted 2,167,000 options to its officers, directors and employees; as result, the additional share-based payments increased the general and administrative costs.

Except for the first quarter of 2017 and fourth quarter of 2016, there is a quarterly fluctuation in "Other items" primarily due to the fluctuation in exchange rates for the USD and COP. In the first quarter of 2017, the increase in finance costs is primarily due to the recognition of the accretion of interest of the convertible notes issued in the fourth quarter of 2016. In the fourth quarter of 2016, the increase in "Other items" was primarily the result of the recognition of the impairment loss on plant and equipment (\$1,620) and exploration and evaluation assets (\$24,574). The increase in finance costs was primarily a result of unpaid canon payments and interest charges (COP\$631,474,949) by the Colombian State related to EJ1-163 (4 payments) and 22346 (2 payments). These payments were made in 2016 in order to be able to return these titles back to the ANM. In addition, the increase in finance costs related to the accretion of interest of the convertible notes.

9. LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Cash Flows

	Three months ended			
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Cash used in operating activities	\$ (2,041)	\$ (3,106)	\$ (2,093)	\$ (662)
Cash flows from financing activities	-	20,171	3,461	-
Cash flows from (used in) investing activities	-	4	130	179
Effects of exchange rate changes on cash and cash equivalents	(7)	16	52	5
Total cash flow	(2,048)	17,085	1,550	(478)
Cash and cash equivalents	16,568	18,616	1,531	31
Guaranteed investment certificate	-	-	-	-
Working capital (deficiency)	10,040	14,202	(728)	(3,067)

	Three months ended			
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Cash used in operating activities	\$ (1,188)	\$ (1,643)	\$ (717)	\$ (1,943)
Cash flows from financing activities	-	159	3,103	(11)
Cash flows from (used in) investing activities	35	3	(13)	(22)
Effects of exchange rate changes on cash and cash equivalents	(57)	412	(1,215)	(123)
Total cash flow	(1,210)	(1,069)	1,158	(2,100)
Cash and cash equivalents	459	1,669	2,989	1,798
Guaranteed investment certificate	-	35	33	36
Working capital (deficiency)	(1,758)	(565)	963	(1,158)

Cash flows used in operating activities increase in the first quarter of 2017 and fourth quarter of 2016 was primarily due to the significant increase in legal fees and other expenses associated with the numerous legal and regulatory proceedings and activities commenced against the Company and the legal dispute with the Colombian State. In the third quarter of 2016 and the second quarter of 2015, the Company paid the annual equity tax payments imposed by the Colombian State. Except for the first quarter of 2017 and fourth quarter of 2016, the trend of lower quarterly cash burn is primarily due to the implementation of cost reduction initiatives commencing in the second quarter of 2013 that deferred of all discretionary spending on the Angostura Project and decreased general and administrative expenses in both Canada and Colombia through reductions in salaries and benefits, rent and other administrative expenses.

The Company has not yet achieved profitable operations and expects to incur further losses in the development of its business. Until there is a satisfactory resolution of the investment dispute, management's current forecasts includes cash outflows to continue its trend consistent with the last four quarters and cash inflows from anticipated future equity financing(s).

During the first and third quarter of 2015, the Company completed a private placement for net aggregate proceeds of \$2,722 and \$3,301, respectively.

In order for the Company to be able to meet its obligations and continue its operations for the foreseeable future, as well as for general working capital purposes, the Company entered into the Investment Agreement, with respect to an aggregate investment in the Company of US\$14 million. Pursuant to the Investment 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 Free Trade Agreement between Canada and Colombia and general working capital. 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. 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.

In addition, during the fourth quarter of 2016, the Company issued convertible notes in the amount of \$3,583 (US\$2,672,727) and four contingent value rights certificate in the amount of \$2,047 (US\$1,527,273) to existing shareholders of the Company.

Commencing in the third quarter of 2016, the Company has been the subject of numerous legal and regulatory proceedings and activities commenced by a group of disgruntled shareholders. The costs associated with responding to, defending and addressing these various actions and activities in multiple jurisdictions has resulted in significant and unbudgeted expenditures by the Company. The costs of continued and compounding litigation and regulatory proceeding resulting from these activities significantly affects the ability of the Company to forecast cash requirement over the short to mid-term and ultimately upon the liquidity of the Company. As of the date of this MD&A, on the basis of the Company's balance of cash and cash equivalents as at March 31, 2017, the Company is uncertain as to whether it has sufficient funding to satisfy all of the costs of its budgeted activities over the remainder of 2017. 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. There are no guarantees that the Company will be able to secure additional financings in the future and at terms that are favorable.

As part of the implementation of the Investment Agreement, the Company covenanted to deliver certain Colombian security documents, registrations, opinions and certificates of insurance relating to the security granted in connection with the contingent value rights certificates. As a result of delays in completion of these obligations, the Company has sought and obtained from the Investor, the Waivers.

Additionally, due to the numerous legal and regulatory proceedings that have been commenced by a group of disgruntled shareholders of the Company with respect to the Investment Agreement and the Converted Shares, the Company has been required to spend significant and previously unbudgeted amounts defending those proceedings. As a result, upon the expiry of the current Waiver from the Investor, the Company believes that it will be in default under the contingent value rights certificates in respect of certain covenants and restrictions on the business of the Company regarding the use of the investment proceeds, which defaults are currently covered by the Waiver.

The current Waiver will expire on May 23, 2017. The Investor has not provided any notice of enforcement to the Company in connection with any default or event of default, or accelerated the obligations under any of the Investment Agreement, the contingent value rights certificates or the convertible notes, and the Company continues to pursue the fulfilment of all of its obligations under those documents, and has been engaged in good faith negotiations with the Investor to implement a permanent solution to any defaults. However, no assurance can be given that such a solution will be achieved or implemented on a timely basis or at all. If the Company fails to achieve or implement a solution with the Investor or obtain an extension of the Waiver, the Company will be in default of certain of its covenants and obligations under the Investment Agreement and the contingent value rights certificates issued by the Company.

Under the contingent value rights certificates and the convertible notes, upon the occurrence of an event of default that is continuing, the Investor can, at any time, exercise its rights and remedies under the contingent value rights certificate and the convertible notes including, but not limited to, demanding full repayment and enforcing its security interest against collateral. The Company has no assurance that if the Investor accelerated their debt obligations, additional funding would be available

to it on such short notice to satisfy those obligations

The ability of the Company to continue as a going concern is dependent upon the Company's ability to: obtain additional financing as required to finance the ICSID Arbitration and to continue to defend and respond to the numerous legal and regulatory proceedings and activities commenced against the Company and to continue to prosecute and pursue the various claims brought by the Company and to obtain Waivers from the Investor. These matters result in material uncertainties that may cast significant doubt on whether the Company will continue on as a going concern. Risk factors potentially influencing the Company's ability to raise financing include: the outcome and timing of the investment dispute, metal prices, the political risk of operating in a foreign country including, without limitation, risks relating to permitting given the recent Constitutional Court ruling on the National Development Plan, and the buoyancy of the equity markets. For a more detailed list of risk factors, see the Company's most recent Annual Information Form.

Commitments, Contractual Obligations & Contingencies

Commitments

		2017	2018	2019	2020	2021 and thereafter	Total
Site restoration provision ⁽¹⁾	\$	378	\$ 1,754	\$ 1,580	\$ 883	\$ 1,807	\$ 6,402
Wealth tax ⁽²⁾		47	-	-	-	-	47
	\$	425	\$ 1,754	\$ 1,580	\$ 883	\$ 1,807	\$ 6,449

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.

Contractual Obligations

Management Incentive Plan

During the first quarter of 2017, the Company implemented a management incentive plan (the "Plan") to incentivize certain key personnel toward the successful prosecution and collection of the Company's arbitration claim against Colombia under the Canada-Colombia Free Trade Agreement. Implementation of a management incentive plan was a requirement under the terms of the investment agreement entered into by the Company and Trex on July 21, 2016.

Pursuant to the terms of the Plan, a committee of the board of directors of the Company (the "Committee") has been appointed to administer the Plan. The Committee will, among other things, be responsible for determining whether to grant participants under the Plan certain cash retention amounts that will not in aggregate exceed 7% of the gross proceeds of the Arbitration.

Awards under the Plan will be at the sole discretion of the Committee taking into consideration, among other things, the amount of the proceeds received from the Arbitration and the time dedicated by each participant to the Arbitration proceedings. No member of the Committee is a participant under the Plan.

Contingencies

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. We have disclosed certain of these uncertainties in note 14 of our audited condensed consolidated financial statements for the year ended December 31, 2016 and note 11 of the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2017. Other than these, the Company does not believe that adverse decisions in any other ongoing, pending or threatened proceedings related to any matter, or any amount which it may be required to pay damages in any form by reason thereof, will have a material adverse 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.

For a discussion on the contingencies, refer to note 11(b) of the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2017.

Outstanding Share Data

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

During the three months March 31, 2017:

- On March 16, 2017, the Company converted its outstanding convertible notes with a face value of US\$4,721,258 through the issuance of 10,600,000 common shares.
- The Company issued 269,852 common shares through a cashless exercise provision in exchange of 457,000 options.

Subsequent to March 31, 2017:

- On May 8, 2017, the Company granted 1,980,000 options with an exercise price of \$0.485 to officers and employees. The options are exercisable for a period of five years. One-third vest immediately at the date of grant and one-third will vest every twelve months thereafter.
- On May 8, 2017, the Company granted 1,650,000 options with an exercise price of \$0.485 to the directors. The options are exercisable for a period of five years. All the options vest immediately at the date of grant.
- 112,500 options expired unexercised.

The following are outstanding as at May 15, 2017:

Common shares	117,124,953
Shares issuable on the exercise of outstanding stock options	5,717,000
Fully diluted shares outstanding	122,841,953

10. FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or

issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 14 of our unaudited condensed interim consolidated financial statements for the three months ended March 31, 2017. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 3(d) of the consolidated financial statements for the year ended December 31, 2016.

11. TRANSACTIONS WITH RELATED PARTIES

Key management personnel

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

	For the three months ended	
	March 31, 2017	March 31, 2016
Short-term benefits	\$ 173	\$ 163
Share-based payments	3	25
	\$ 176	\$ 188

Other related parties

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 three months ended	
	March 31, 2017	March 31, 2016
Fintec Holdings Corp. ("Fintec")		
Management fees	\$ 30	\$ 30
Quantum Advisory Partners LLP ("Quantum")		
Management and accounting services	\$ 75	\$ 38
James H. Atherton Law Corporation ("Law Corp")		
Legal services	\$ -	\$ 29

Fintec is a company owned by the Company's Executive 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 provided by Law Corp. related to day-to-day legal services provided to the Company.

At March 31, 2017, \$45 is due to the officers of the Company which was included in trade and other payables (2016 – \$12).

12. CRITICAL ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2 of our annual audited consolidated financial statements for the year ended December 31, 2016 for a more detailed discussion of the critical accounting estimates and judgments.

13. CHANGES IN ACCOUNTING POLICIES

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2017.

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

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 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.

14. INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

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

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the design and effectiveness of the Company's disclosure controls and procedures as of December 31, 2016, and based upon this evaluation, the CEO and the CFO have concluded that these disclosure controls and procedures, as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, are effective for the purposes set out above. Since the December 31, 2016 evaluation, there have been no adverse changes to the Company's disclosure

controls and procedures and they continue to remain effective.

Internal Controls over Financial Reporting

Management is responsible for the establishment, maintenance and testing of adequate internal controls over financial reporting (“ICFR”) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company’s management and the board of directors do not expect that its disclosure controls and procedures or internal controls over financial reporting will prevent all errors or all instances of fraud. Control system, no matter how well designed and operated, can provide only reasonable (not absolute) assurance that the control system’s objectives will be met.

Further, the design, maintenance and testing of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control gaps and instances of fraud have been detected. These inherent limitations include the reality that judgment in decision-making can be faulty, and that simple errors or mistakes can occur. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design, maintenance and testing of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any control system may not succeed in achieving its stated goals under all potential future conditions.

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the design and the effectiveness of the Company’s internal control over financial reporting as of December 31, 2016 based on Internal Control – Integrated Framework that was updated in 2013 (originally published in 1992) by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management concluded that the Company’s internal control over financial reporting, as defined by National Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings, was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

Since December 31, 2016, there has been no change in our internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company’s internal controls over financial reporting.

15. RISKS AND UNCERTAINTIES

The business of the Company is subject to a variety of risks and uncertainties, including but not limited to, the ability of the Company to obtain an extension of the current Waiver or a permanent solution with respect to any defaults that may exist under the Investment Agreement, contingent value rights certificates or convertible notes; the exercise by the investors of any rights or remedies under the Investment Agreement, contingent value rights certificates or convertible notes. For a discussion of additional risks and uncertainties faced by the Company, please refer to the most recent Annual Information Form. These risks could materially adversely affect the Company’s future business, operations and financial condition and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A and as described in under “Forward-Looking Statements” section below.

16. FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Annual Information Form constitute forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to the timing of the settlement or potential outcome of the ICSID Arbitration under the Free-trade Agreement, the Company's ability to obtain additional funding, the Company's ability to comply with its covenants under the Investment Agreement, defaults under the Investment Agreement, the Company's ability and plans for advancing the Angostura Project and future announcements relating thereto, future price of gold and silver, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of estimated future production, anticipated costs of production, estimated capital expenditures, estimated internal rates of return, success of exploration activities, currency fluctuations, requirements for additional capital, government regulation of mining operations and environmental risks or claims. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks relating to the outcome and timing of the investment dispute, Company's ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities; actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and silver, possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; risks related to fluctuations in the currency market, risks related to the business being subject to environmental laws and regulations which may increase costs of doing business and restrict the Company's operations; risks relating to all the Company's properties being located in Colombia, including political, economic and regulatory instability; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk and Uncertainties" above. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management as of the date the statements are made, including, without limitation, the assumed long-term price of gold, that the Company can access financing, that all required permits and approvals for development of its mineral properties will be received and that the political environment in Colombia will continue to support the development and operation of mining projects, and the Company does not assume any obligation to update any forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, readers should not place undue reliance on forward-looking statements.