



ECO ORO MINERALS CORP.

Condensed Consolidated Interim Financial Statements

June 30, 2017

(unaudited)

Notice to Reader

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

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

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

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

<i>As at</i>	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash	\$ 3,842	\$ 18,616
Accounts receivable	662	14
Prepaid expenses and deposits	678	120
	5,182	18,750
Non-current assets		
Plant and equipment (note 4)	104	-
Exploration and evaluation assets (note 5)	1	1
	105	1
TOTAL ASSETS	\$ 5,287	\$ 18,751
LIABILITIES		
Current liabilities		
Trade and other payables	\$ 2,190	\$ 3,180
Amounts payable on exploration and evaluation asset acquisition (note 6)	923	963
Current portion of site restoration provision (note 7)	322	405
Equity tax liability (note 8)	22	-
	3,457	4,548
Non-current liabilities		
Long-term employee benefits	7	14
Site restoration provision (note 7)	4,940	4,937
Convertible notes (note 9)	895	1,650
	5,842	6,601
TOTAL LIABILITIES	9,299	11,149
EQUITY (DEFICIENCY)		
Share capital (note 10)	\$ 331,266	\$ 324,835
Contributions from shareholders (note 9)	5,777	11,285
Contingent value rights (note 10)	7,328	7,328
Equity reserve	31,604	31,474
Deficit	(342,459)	(329,523)
Accumulated other comprehensive loss	(37,528)	(37,797)
TOTAL EQUITY (DEFICIENCY)	(4,012)	7,602
TOTAL LIABILITIES AND EQUITY	\$ 5,287	\$ 18,751

Corporate information and continuance of operations (note 1)

Commitments and contingencies (note 12)

Segmented information (note 16)

Subsequent events (note 1, 6, 9, 10 and 17)

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

These consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ David Kay Director */s/ Courtenay Wolfe* Director

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

	For the three months ended		For the six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Exploration and evaluation expenses:				
Salaries and benefits	\$ 1,063	\$ 460	\$ 1,451	\$ 939
Legal fees	306	47	608	68
Administrative expenses	186	200	404	452
Other exploration and evaluation expenses	37	-	97	89
Environmental expenses	26	117	57	108
Surface rights	18	5	28	29
Depreciation	-	79	-	165
	1,636	908	2,645	1,850
General and administrative expenses:				
Legal fees	6,311	553	8,984	623
Other professional fees	674	62	881	119
Administrative expenses	128	48	216	151
Salaries and benefits	85	37	118	88
Share-based compensation (note 11)	217	50	223	76
	7,415	750	10,422	1,057
	\$ 9,051	\$ 1,658	\$ 13,067	\$ 2,907
Other items				
Finance cost	153	83	320	171
Equity tax (note 8)	-	-	46	113
Foreign exchange loss (gain)	(15)	16	129	53
Other income	(30)	(2)	(121)	(5)
Gain on disposal of plant and equipment (note 4)	(505)	(155)	(505)	(137)
	(397)	(58)	(131)	195
NET LOSS FOR THE PERIOD	\$ 8,654	\$ 1,600	\$ 12,936	\$ 3,102
OTHER COMPREHENSIVE EXPENSES				
Foreign currency translation differences for foreign operations	\$ (489)	\$ (365)	\$ (269)	\$ (46)
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 8,165	\$ 1,235	\$ 12,667	\$ 3,056
Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)				
(warrants and options not included as the impact would be anti-dilutive)	\$ 0.07	\$ 0.02	\$ 0.11	\$ 0.03
Weighted average number of common shares outstanding	117,124,953	95,562,774	112,755,241	95,548,159

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

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

	For the six months ended	
	June 30, 2017	June 30, 2016
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (12,936)	\$ (3,102)
Adjustments for:		
Accretion of interest of convertible notes (note 9)	113	-
Change in non-cash working capital items (note 13)	(2,176)	915
Change in site restoration provision	32	80
Depreciation	-	165
Gain on disposal of plant and equipment	(505)	(137)
Non-cash finance expenses	193	167
Remediation expenditures	(69)	(14)
Share-based compensation	223	76
Net cash flows used in operating activities	(15,125)	(1,850)
INVESTING ACTIVITIES		
Proceeds on disposition of plant and equipment	505	179
Purchase of plant and equipment	(111)	-
Redemption of guaranteed investment certificate	-	35
Net cash flows from investing activities	394	214
Effects of exchange rate changes on cash	(43)	(2)
Net decrease in cash	\$ (14,774)	\$ (1,638)
Cash, beginning of period	18,616	1,669
Cash, end of period	\$ 3,842	\$ 31

Supplemental cash flow information (note 13)

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

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

	Note(s)	Share capital		Contributions from shareholders		Contingent value rights		Equity Reserves		Accumulated deficit	Accumulated other comprehensive income (loss)	Total
		Number of shares	Amount	Contributed Surplus	Warrants	Total	Total					
Balance at December 31, 2016		106,255,101	\$ 324,835	\$ 11,285	\$ 7,328	\$ 31,474	\$ -	\$ 31,474	\$ (329,523)	\$ (37,797)	\$ 7,602	
Shares issued upon conversion of convertible debt	9 and 10	10,600,000	6,338	(5,508)	-	-	-	-	-	-	830	
Shares issued - stock option exercise	10	269,852	93	-	-	(93)	-	(93)	-	-	-	
Share-based payments		-	-	-	-	223	-	223	-	-	223	
Net loss per the period		-	-	-	-	-	-	-	(12,936)	-	(12,936)	
Other comprehensive loss per the period		-	-	-	-	-	-	-	-	269	269	
Balance at June 30, 2017		117,124,953	\$ 331,266	\$ 5,777	\$ 7,328	\$ 31,604	\$ -	\$ 31,604	\$ (342,459)	\$ (37,528)	\$ (4,012)	
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 - stock option exercise		46,666	23	-	-	(23)	-	(23)	-	-	-	
Reclassification of grant-date fair value on expired or cancelled warrants		-	-	-	-	233	(233)	-	-	-	-	
Share-based payments		-	-	-	-	76	-	76	-	-	76	
Net loss for the period		-	-	-	-	-	-	-	(3,102)	-	(3,102)	
Other comprehensive loss for the period		-	-	-	-	-	-	-	-	46	46	
Balance at June 30, 2016		95,580,210	\$ 321,343	\$ -	\$ -	\$ 31,449	\$ -	\$ 31,449	\$ (295,876)	\$ (37,353)	\$ 19,563	

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

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2017
(Expressed in thousands of Canadian dollars)

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. The unaudited condensed consolidated interim financial statements of the Company as at and for the six months ended June 30, 2017 are comprised of the Company and its Colombian branch. Historically, the Company’s principal business activities have included the acquisition, exploration and development of mineral assets in Colombia. Until recently, the Company had 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 Minería* 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 (the “ICSID 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 Claim, the Company remain open to engagement with the Colombian authorities in order to achieve an amicable resolution of the dispute. While the Company’s primary objective had always been the development of the Angostura Project, in the continued absence of any engagement by the Government of Colombia, the ICSID Arbitration has now become the core focus of the Company.

Going concern

At June 30, 2017, the Company had working capital of \$1,725 and had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the six months ended June 30, 2017, the Company reported a comprehensive loss of \$12,936 and as at June 30, 2017, had an accumulated deficit of \$342,459. Cash used in operating activities for the six months ended June 30, 2017 was \$15,125.

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 Claim. Commencing in the third quarter of 2016, the Company has been involved numerous legal and regulatory proceedings and activities in connection with disputes with shareholders, whose activities significantly increased in 2017 following approval of the 2017 budget. The costs associated with these activities and litigation has resulted in significant and unbudgeted expenditures by the Company and significantly affects the ability of the Company to forecast cash requirements over the short to mid-term and ultimately the liquidity of the Company.

On July 31, 2017, the Company entered into a comprehensive settlement agreement (the “Settlement Agreement”) with, *inter alia*, thirteen shareholders representing approximately 66.3% of the issued and outstanding common shares of the Company entitled to vote at the Company’s upcoming annual general and special meeting (the “Meeting”) (Note 17).

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2017
(Expressed in thousands of Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

Going concern (continued)

On the basis of the Company's balance of cash and cash equivalents as at June 30, 2017, the Company is uncertain 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 Claim activities through to a successful conclusion. Management continues to review the Company's activities in order to identify areas to further reduce expenditures.

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 condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2016 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issuance on August 14, 2017.

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2017
(Expressed in thousands of Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new and amended accounting standards

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

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 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	CIP	Total
Cost			
As at December 31, 2016	\$ -	\$ -	\$ -
Additions	101	11	112
Effect of movements in exchange rates	(7)	(1)	(8)
Balance as at June 30, 2017	\$ 94	\$ 10	\$ 104
Depreciation			
As at December 31, 2016	\$ -	\$ -	\$ -
Balance as at June 30, 2017	\$ -	\$ -	\$ -
Net book value			
As at December 31, 2016	\$ -	\$ -	\$ -
As at June 30, 2017	\$ 94	\$ 10	\$ 104

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4. PLANT AND EQUIPMENT (CONTINUED)

During the six months ended June 30, 2017, the Company disposed plant and equipment with a carrying value of \$nil (COP nil) for cash proceeds of \$505 (COP 1,100,500,000); as a result, the Company recognized a gain on disposal of \$505 (COP 1,100,500,000) in the statements of loss and comprehensive loss.

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

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

5. EXPLORATION AND EVALUATION ASSETS

Historically, 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.

As at June 30, 2017 and December 31, 2016, the carrying value of exploration and evaluation assets is \$1.

6. AMOUNTS PAYABLE ON EXPLORATION AND EVALUATION ASSET ACQUISITION

	in COP (in thousands)		in CAD
Balance as at December 31, 2016	2,150,000	\$	963
Effect of movements in exchange rates	-		(40)
Balance as at June 30, 2017	2,150,000	\$	923

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 June 30, 2017 and 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.

On July 19, 2017, the Company received a notice of admission of the claim submitted by the vendors of the Las Puentes property ("Notice"). The Company filed a request for reconsideration against the Notice on July 25, 2017.

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7. SITE RESTORATION PROVISION

Balance as at December 31, 2016	\$	5,342
Increase (decrease) in liability due to changes in estimate		32
Remediation work performed		(69)
Unwinding of discount		193
Changes in foreign exchange rates		(236)
Balance as at June 30, 2017	\$	5,262
Current portion	\$	322
Long-term portion		4,940
	\$	5,262

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

Significant estimates and assumptions are made in determining the site restoration provision as there are numerous factors that will affect the ultimate liability payable. Those uncertainties may result in future actual expenditure differing from the amount currently provided. During the six months ended June 30, 2017, 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 fiscal 2017 is \$46 (COP 50,862,000), of which \$24 (COP 50,862,000) was paid during the six months ended June 30, 2017. As at June 30, 2017, the Company accrued \$22 (COP 50,862,000) equity tax liability that will be paid in the third quarter of 2015.

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2017
(Expressed in thousands of Canadian dollars)

9. CONVERTIBLE NOTES

The Company's convertible notes payable balance as of June 30, 2017, is as follows:

	in USD (in thousands)	in CAD
Balance as at December 31, 2016	1,229	1,650
Accretion of interest	85	113
Converted to common shares	(624)	(830)
Effect of movements in exchange rates	-	(38)
Balance as at June 30, 2017	690	895

Accretion expense of \$113 was recorded as finance cost with a corresponding increase in the carrying value of the liability (June 30, 2016 – \$nil) during the six months ended June 30, 2017.

During the six months ended June 30, 2017, the Company converted a portion (the "Partial Conversion") of its outstanding convertible notes (the "Convertible Notes") with a face value of US\$4,721,258 through the issuance of 10,600,000 common shares (the "Converted Shares").

The Company reclassified the carrying value of \$830 and \$5,508 from convertible notes and contributions from shareholders, respectively, to share capital. As at June 30, 2017, the carrying value of convertible debentures is \$895 (December 31, 2016 – \$1,650).

During the six months ended June 30, 2017, the Ontario Securities Commission (the "OSC") released an order that, among other things, set aside the prior decision of the Toronto Stock Exchange conditionally approving the issuance of 10,600,000 common shares to certain shareholders of Eco Oro and ordered the Company to seek shareholder approval of the issuance of the new shares. The Company has commenced an appeal of the OSC order.

Following the release of the OSC order, the Supreme Court of British Columbia (the "Court") dismissed a petition brought by two shareholders of the Company (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.

In a supplementary ruling issued concurrently with the Court Ruling (the "Adjournment 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.

On April 28, 2017, the Requisitioners filed a notice of appeal with the British Columbia Court of Appeal (the "Appeal Court") to set aside the both the Court Ruling and the Adjournment Ruling. The appeal of the Adjournment Ruling was heard on an expedited basis and, on May 26, 2017, the Appeal Court set aside the Adjournment Ruling. The Court Ruling remains under appeal.

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 shareholders of the Company.

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2017
(Expressed in thousands of Canadian dollars)

9. CONVERTIBLE NOTES (CONTINUED)

On July 31, 2017, the Company entered into the Settlement Agreement with, *inter alia*, thirteen shareholders representing approximately 66.3% of the issued and outstanding common shares of the Company entitled to vote at the Meeting (see Note 1). In accordance with the Settlement Agreement and upon successful completion of the Transactions contemplated thereunder, the Partial Conversion will be rescinded and the Company will reinstate and reissue that portion of the Convertible Notes originally converted and that existed immediately prior to the issuance of the Converted Shares.

10. EQUITY

Share capital

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

During the six months ended June 30, 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. See note 9.
- The Company issued 269,852 common shares through a cashless exercise provision in exchange of 457,000 options. The Company reclassified the fair value of \$93 of the 457,000 options from contributed surplus to share capital.

Contributed surplus

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

Contingent value rights

During the year ended December 31, 2016, the Company issued five CVRs for gross proceeds of \$7,410 (US\$5,527,273) of which \$5,363 (US\$4,000,000) was issued to Trex Investments LLC ("Trex"). The CVRs holders have the right to receive an amount equal to 70.48% of the gross amount of the claim proceeds ("Claim Proceeds") of the ICSID Arbitration Claim described in Note 1. The Company has an option to settle the Claim Proceeds by issuing common shares of the Company, subject to regulatory approval. 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. The conversion remains subject to regulatory approval.

In connection with the issuance of the CVRs, the Company incurred issuances costs of \$82. The Company has pledged all of the Company's assets in Colombia to the CVRs' holders.

As at June 30, 2017 and December 31, 2016, the carrying value of the CVRs is \$7,328.

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Notes to Condensed Consolidated Interim Financial Statements (unaudited)
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10. EQUITY (CONTINUED)

Contingent value rights (continued)

Pursuant to the Settlement Agreement, the Company will seek the approval of shareholders at the Meeting to enter a plan of arrangement under the *Business Corporations Act* (British Columbia) that will, subject to compliance with applicable securities laws, result in shareholders (other than persons currently holding CVRs) having the opportunity to acquire 19.45% of the outstanding CVRs following implementation of the matters to be approved at the Meeting (or CVRs entitled to 14.1% of the gross proceeds of the ICSID Arbitration Claim for an aggregate purchase price of US\$1.11 million).

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 six months ended June 30, 2017 are as follows:

	Number outstanding	Weighted average exercise price
Balance, December 31, 2016	2,656,500	\$ 0.59
Granted	3,630,000	\$ 0.49
Expired	(112,500)	2.41
Forfeited	(400,000)	0.49
Exercised	(457,000)	0.29
Balance, June 30, 2017	5,317,000	\$ 0.51

During the six months ended June 30, 2017

- On May 8, 2017, the Company granted 1,480,000 options with an exercise price of \$0.483 to certain employees of the Company. The options are exercisable for a period of five years. One-third vest the date of grant and one-third will vest every twelve months thereafter.
- On May 8, 2017, the Company granted 500,000 options with an exercise price of \$0.483 to certain officers of the Company. The options are exercisable for a period of five years. One-third vest the date of grant and one-third will vest every twelve months thereafter.

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11. SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

During the six months ended June 30, 2017 (continued)

- On May 8, 2017, the Company granted 1,650,000 options with an exercise price of \$0.483 to an officer and certain directors of the Company. The options are exercisable for a period of five years. All the options are fully vested at the date of grant.
- On May 26, 2017, the Company entered into an agreement with Harrington Global Opportunities Fund Ltd. and Courtenay Wolfe regarding the 2,150,000 options granted to the directors and officers of the Company on May 8, 2017. The Company agreed to rescind the 400,000 options granted to one of the directors and agreed that the remaining 1,750,000 options would not be exercisable until following the Meeting. Pursuant to the Settlement Agreement, upon approval of the all of resolutions submitted to shareholders at the Meeting, such options shall terminate and cease to exist.

The estimated grant date fair value of the options granted during the six months ended June 30, 2017 and 2016 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the six months ended	
	June 30, 2017	June 30, 2016
Risk-free interest rate	0.87%	N/A
Expected annual volatility	101.34%	N/A
Expected life (in years)	5.00	N/A
Expected dividend yield	0%	N/A
Share price (\$ per share)	\$ 0.47	N/A
Weighted average grant date fair value per option (\$ per option)	\$ 0.35	N/A

During the six months June 30, 2017 and 2016, share-based compensation of \$223 and \$76, respectively, was recorded in connection with stock options vested during the period.

The following summarizes information about stock options outstanding and exercisable at June 30, 2017:

Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (in years)
July 1, 2017	50,000	50,000	\$ 1.740	0.00
October 9, 2017	15,000	15,000	\$ 0.870	0.28
May 10, 2018	220,000	220,000	\$ 0.820	0.86
July 12, 2018	150,000	150,000	\$ 0.520	1.03
June 1, 2019	580,000	580,000	\$ 0.275	1.92
September 2, 2020	872,000	745,668	\$ 0.500	3.18
October 7, 2020	200,000	200,000	\$ 0.630	3.27
May 8, 2022	3,230,000	493,334	\$ 0.485	4.86
	5,317,000	2,454,002		3.87

As at June 30, 2017, the Company has 6,395,495 options available for issuance under the Plan.

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12. COMMITMENTS AND CONTINGENCIES

a) Commitments

The following is a schedule of the Company's commitments as at June 30, 2017:

	Total	2017	2018	2019	2020	2021 and thereafter
Site restoration provision ⁽¹⁾	\$ 5,942	\$ 322	\$ 1,630	\$ 1,467	\$ 846	\$ 1,677
Wealth tax ⁽²⁾	22	22	-	-	-	-
	\$ 5,964	\$ 344	\$ 1,630	\$ 1,467	\$ 846	\$ 1,677

1) Represents the undiscounted cash flow.

2) Represents the outstanding 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 (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 final.

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.

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

b) Contingencies (continued)

i) La Plata Mining Title Assignment (continued)

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.

ii) 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. 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 were 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.

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

c) Uncertainties (continued)

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 Vetás which applied 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.

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 commenced the ICSID Arbitration Claim in December 2016, it remains open to engagement with the Colombian authorities in order to achieve an amicable resolution of the dispute.

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13. SUPPLEMENTARY CASH FLOW INFORMATION

Change in non-working capital

	For the six months ended	
	June 30, 2017	June 30, 2016
Accounts receivable	\$ (647)	\$ (10)
Prepaid expenses and deposits	(586)	-
Trade and other payables	(959)	812
Equity tax liability	23	113
Long-term employee benefits	(7)	-
	\$ (2,176)	\$ 915

Others

	For the six months ended	
	June 30, 2017	June 30, 2016
Issuance of common shares on conversion of convertible notes	\$ 6,338	\$ -
Reclassification of grant-date fair value on exercised options	93	-
Reclassification of grant-date fair value on expired or cancelled warrants	-	233

14. FINANCIAL RISK MANAGEMENT

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk; interest rate risk; and commodity price risk. Financial instruments affected by market risk include: cash, 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.

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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

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.

The Company had the following balances as at June 30, 2017:

	in CAD (in thousands)	in USD (in thousands)	in COP (in thousands)
Cash	131	2,751	326,433
Accounts receivable	327	-	779,044
Trade and other payables	(698)	(577)	(1,730,286)
Amounts payable on exploration and evaluation asset acquisition	-	-	(2,150,000)
Convertible notes	-	(690)	-
Total	(240)	1,484	(2,774,809)
Foreign currency rate	1.000	1.2982	0.0004
Equivalent to Canadian dollars	\$ (240)	\$ 1,926	\$ (1,191)

Based on the above net exposures as at June 30, 2017, 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 \$75.

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.

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 \$3,842 as at June 30, 2017, an increase or decrease in the annual interest rate of 1% would result in a corresponding increase or decrease of annual interest income by \$38.

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

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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

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

The Company's cash 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 June 30, 2017, all of the Company's other financial liabilities except for the Convertible Notes have maturities less than one year.

Fair value measurements

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

	June 30, 2017		December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
<i>Loans and receivables</i>				
Cash	\$ 3,842	\$ 3,842	\$ 18,616	\$ 18,616
Accounts receivable	662	662	14	14
	\$ 4,504	\$ 4,504	\$ 18,630	\$ 18,630
Financial liabilities:				
<i>Other financial liabilities</i>				
Trade and other payables	\$ 2,190	\$ 2,190	\$ 3,180	\$ 3,180
Amounts payable on exploration and evaluation asset acquisition	923	923	963	963
Convertible notes	895	895	1,650	1,650
	\$ 4,008	\$ 4,008	\$ 5,793	\$ 5,793

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 June 30, 2017, 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.

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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management

The Company's objective when managing capital is to maintain adequate levels of funding in order to safeguard the Company's ability to continue as a going concern, fund its planned activities and commitments and retain financial flexibility to respond to unforeseen future events and circumstances. 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 June 30, 2017, 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.

15. RELATED PARTIES

a) Subsidiaries

	Ownership interest at	
	June 30, 2017	December 31, 2016
Eco Oro S.A.S	100%	100%

b) Key management personnel compensation

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

	For the six months ended	
	June 30, 2017	June 30, 2016
Short-term benefits	\$ 376	\$ 219
Share-based payments	7	58
	\$ 383	\$ 277

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 \$270 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.

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15. RELATED PARTIES (CONTINUED)

c) Transactions and balances

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

	For the six months ended	
	June 30, 2017	June 30, 2016
Fintec Holdings Corp. ("Fintec")		
Management fees	\$ 30	\$ 60
Quantum Advisory Partners LLP ("Quantum")		
Management and accounting services	\$ 131	\$ 86
James H. Atherton Law Corporation ("Law Corp")		
Legal services	\$ -	\$ 39

Fintec is a company owned by the Company's former Executive Chairman and current director, Anna Stylianides. 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 June 30, 2017, \$18 is due to the officers of the Company which was included in trade and other payables (December 31, 2016 – \$12).

16. SEGMENTED INFORMATION

The Company has one reportable segment, being the evaluation and exploration of mineral exploration properties in one geographic region: Colombia. All of the Company's non-current assets are located in Colombia.

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17. SUBSEQUENT EVENTS

- On July 26, 2017, Mark Moseley-Williams, the CEO of the Company tendered his resignation as Director, President and Chief Executive Officer of the Company. Mr. Moseley-Williams was replaced by Anna Stylianides, then Executive Chairman of the Board, who accepted the position of on an interim basis.
- On July 31, 2017, the Company entered into the Settlement Agreement with, inter alia, thirteen shareholders representing approximately 66.3% of the issued and outstanding common shares of the Company entitled to vote at the Meeting. These shareholders include Trexs, Courtenay Wolfe, Harrington Global Opportunities Fund and Harrington Global Limited (“Harrington” and together with Courtenay Wolfe, the “Shareholder Group”). The transactions contemplated by the Settlement Agreement will, upon their implementation, resolve all outstanding litigation relating to the Company’s board composition, the Investment, the issuance of the Converted Shares and the Meeting and, in connection therewith, Trexs provided a temporary waiver of all existing and future defaults and events of default under the relevant investment documents.

Pursuant to the Settlement Agreement:

- a new five member board of the Company has been constituted and is comprised of Trexs’ nominees, David Kay and Anna Stylianides, the Shareholder Group’s nominees, Courtenay Wolfe and Peter McRae, and an independent director, Lawrence Haber, selected by the Shareholder Group and Trexs pursuant to the terms of the Agreement (the “New Board”). David Kay and Courtenay Wolfe have been named co-executive chairs of the New Board;
- the Company will seek approval of the New Board at the Meeting (which will be held on September 26, 2017), at which meeting shareholders will also be asked to consider and approve resolutions (the “Resolutions”) in respect of, among other things, the following:
 - a plan of arrangement under the *Business Corporations Act* (British Columbia) that will, subject to compliance with applicable securities laws, result in shareholders (other than persons (the “CVR Holders”) currently holding contingent value rights certificates (“CVRs”)) having the opportunity to acquire 19.45% of the outstanding CVRs following implementation of the matters to be approved at the Meeting (or CVRs entitled to 14.1% of the gross proceeds of the ICSID Arbitration Claim against the Colombian State) for an aggregate purchase price of US\$1.11 million (the “Proposed Arrangement”). Pursuant to the Proposed Arrangement: (i) up to 17.17% of the CVRs, in aggregate, that were issued by the Company to CVR Holders, will effectively be made available for purchase by persons (other than CVR Holders) who are shareholders as of the record date for the 2017 Meeting and entitled to vote in respect of such meeting (the “CVR Acquiring Shareholders”); and (ii) additional CVRs representing 2% of the gross proceeds of the ICSID Arbitration Claim shall be made available by the Company to the CVR Acquiring Shareholders;

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17. SUBSEQUENT EVENTS (CONTINUED)

- an amendment to the management incentive plan of the Company, effective as of January 13, 2017, to, among other things, reduce the cash retention amount pool from 7% to 5% of the total gross proceeds of the ICSID Arbitration Claim;
- certain amendments to various agreements that shall permit the implementation of the transactions noted above and the terms of the Settlement Agreement, including an amendment to the terms of the notes issued on November 9, 2016 to ensure that the CVR Holders will be entitled to acquire sufficient common shares to enforce the provisions of the Settlement Agreement if a material breach of the Settlement Agreement occurs;
- appointment of auditors; and
- reconfirmation of the amended and restated incentive share option plan of the Company.

Under the terms of the Settlement Agreement, the Meeting must be completed and all Resolutions (including approval of the New Board) must be approved by shareholders by no later than November 10, 2017 (the "Outside Date") with certain exceptions related to, among other things, delays in obtaining all necessary regulatory approvals that are outside of the Company's control. The Proposed Arrangement will also require final approval from the Court. Failure to timely approve the Resolutions will result in the termination of the Settlement Agreement and the Proposed Arrangement.

The Settlement Agreement also include the following terms:

- David Kay and Courtenay Wolfe acting as co-chairs of the Meeting;
- each of the Company, Amber Latin America, LLC, PFR Gold Master Fund Ltd., Anna Stylianides and Trexs have agreed, subject to the approval of the Resolutions at the Meeting, to rescind the conversion of the Converted Shares held by them and reinstate and reissue that portion of the convertible notes originally converted and that existed immediately prior to the issuance of the Converted Shares.
- standstill in respect of all pending litigation between the Company and shareholders relating to the matters being settled (the "Litigation"), and all such Litigation will be dismissed following the Meeting and approval of all Resolutions;
- shareholders who are party thereto agreeing to support the New Board and vote in favour of certain other matters until the conclusion of the Company's 2022 annual general meeting;
- formation of an Arbitration and Budget Committee of the New Board comprised of David Kay and Courtenay Wolfe;
- covenants by the New Board that future financings should, if possible, be structured to enable all shareholders to participate on a pro rata basis;

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17. SUBSEQUENT EVENTS (CONTINUED)

- payment of the fees and expenses of the Shareholder Group and certain other shareholders in connection with the Litigation, as well as the fees and expenses of certain counsel in connection with the implementation of the transactions provided for under the Agreement;
- confirmation that the options to purchase common shares issued to directors and executives on May 8, 2017 will not be exercisable until following the completion of the 2017 Meeting, and, upon approval of all Resolutions, all such options shall terminate and cease to exist; and
- temporary waiver by Trexs of all existing and future defaults and events of default under the relevant investment documents until the earliest of:
 - (i) implementation of the Proposed Arrangement;
 - (ii) November 10, 2017 (or in certain circumstances December 31, 2017); or
 - (iii) termination of the Settlement Agreement, with such temporary waiver automatically becoming a permanent waiver of any such defaults upon the implementation of the Proposed Arrangement.
- On August 3, 2017, Mr. Paul Robertson, the Chief Financial Officer of the Company, accepted the position of interim Chief Executive Officer of the Company replacing Ms. Anna Stylianides. Ms. Stylianides will remain in her position as a director of the Board.
- On August 3, 2017, Mr. Eric Tsung accepted the position of interim Chief Financial Officer of the Company effective immediately, replacing Mr. Paul Robertson.