ECO ORO MINERALS CORP.

Management's Discussion and Analysis

Year Ended December 31, 2017

(Amended)

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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 year ended December 31, 2017. This MD&A should be read in conjunction with our financial statements 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 April 26, 2018. 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.

OVERVIEW

Eco Oro is a Canadian publicly-listed, precious metals exploration and development company with mining operations in Colombia. For over two decades, the Company's focus has primarily been its wholly-owned 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 Republic of Colombia (the "Colombian State") have deprived Eco Oro of its rights and rendered the Angostura Project unviable. 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 (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"). The ICSID Arbitration proceedings are ongoing.

While the Company's primary objective had always been the development of the Angostura Project, in light of the Colombian State's measures, the ICSID Arbitration has now become the core focus of the Company.

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 inter alia expropriation, unfair and inequitable treatment and discrimination in respect of the Angostura Project, 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, thereby depriving Eco Oro of the returns that would have resulted from its investment in the development of the Angostura Project, and destroying the value of its investment, 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") was constituted on September 11, 2017. The first procedural hearing was held on November 21, 2017, following which the procedural calendar for the ICSID Arbitration was issued on November 30, 2017. The arbitration procedure will consist of a written phase, during which parties submit one or more pleadings and accompanying evidence, and 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. 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. In accordance with the procedure established by the Tribunal, Eco Oro filed its Memorial on the Merits on March 19, 2018.

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. 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"). This decision was made on the basis of an earlier 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 through a series of inconsistent decisions 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 the various inconsistent communications and decisions from the ANM in this regard. The ANM's responses, however, have not provided clarity. A further decision of the Colombian Constitutional Court was rendered in November 2017, which struck down Resolution 2090, together with the delimitation of the Santurbán Páramo contained therein, as unconstitutional. The Court suspended its declaration of unconstitutionality for twelve months so the Colombian Government can carry out a new delimitation of the Santurbán Páramo. The Court ordered the Ministry of Environment to adopt a broad, participative, effective and deliberative procedure when undertaking the new delimitation. The Court noted that the new delimitation cannot provide a lesser degree of protection to the Santurbán Páramo than the original delimitation. Eco Oro's rights are therefore under threat of further encroachments, given the risk that the new delimitation and future decisions of the Colombian authorities will further reduce the area of Concession 3452 accessible for mining activities.

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

The Colombian State's measures have rendered the Angostura Project unviable. These measures have not only deprived Eco Oro of the value of the investments that it has already made, but also of 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, amounting to US$696 million plus interest in the sum of $68 million.

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. Moreover, the exploration phase of Concession 3452 expires in August 2018 by which date the licensing of the project should be completed. However, 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 an environmental license. 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 State measures 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 future operations, 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 these agreements, the proceeds of the Investment will be used by the Company to fund the ICSID Arbitration and general working capital.

In July 2016 the Company entered into investment agreements (the "Investment") for US$9,672,727 in convertible notes, US$5,527,273 in contingent value rights and US$3,000,000 in equity to fund the Company's arbitration with the Republic of Colombia. In December 2016, a petition was filed in the Supreme Court of British Columbia by two shareholders (the "Concerned Shareholders") of the Company seeking, among other things, to set aside and cancel the Investment and the contingent value rights and convertible notes issued by the Company pursuant to those agreements.

In March 2017, the Company converted a portion of its outstanding convertible notes. As a result of this conversion, the Concerned Shareholders filed a Notice of Application with the Ontario Securities Commission ("OSC") for a ruling that the Toronto Stock Exchange ("TSX") erred in granting conditional approval for the conversion. The OSC released an order to set aside the TSX approval and required the Company to seek shareholder approval of the conversion.

On July 31, 2017, the Company entered into a comprehensive settlement agreement, as amended on September 11, 2017 (the "Settlement Agreement") with 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"). The transactions contemplated by the Settlement Agreement (the "Transactions") resolve all outstanding litigation between the Company and the Concerned Shareholders relating to the Company's board composition, Options granted, the investment agreements entered into during the year ended December 31, 2016 with respect to the Investment in the Company of US$18.2 million, the issuance of 10,600,000 common shares on the conversion of convertible notes during the year ended December 31, 2017 (the "Converted Shares") and the Meeting and, in connection therewith, Trexs Investments ("Trexs") provided a temporary waiver of all existing and future defaults and events of default under the relevant investment documents.

In order to fund the implementation of the settlement contemplated by the Settlement Agreement and the short-term working capital needs of the Company, Trexs Investments, LLC has agreed to loan the Company US$4 million (the "Loan") pursuant to the terms of a loan agreement (the "Loan Agreement"). Owing to these needs, the Loan will be funded immediately, which management believes is reasonable and necessary in the circumstances. The Loan is unsecured and for a term of 150 days and bears interest at a rate of 5% per annum. The Loan Agreement was approved by each of the independent directors of the Company.

At the Meeting, shareholder approved the proposed plan of arrangement , pursuant to the Business Corporations Act (British Columbia) (the "Plan of Arrangement"). Under the Plan of Arrangement, a portion of the contingent value rights ("CVRs") issued by the Company were redistributed among the electing shareholders of the Company that did not previously hold CVRs (such electing shareholders, "Participating Entitled Shareholders"). Such CVRs are held by Kingsdale Partners LP (the "Custodian"), as agent and depositary for the Participating Entitled Shareholders, pursuant to a custodian and depositary agreement between the Company and the Custodian and agreed to by the Participating Entitled Shareholders. In addition, under the Plan of Arrangement, the conversion of certain of the Company's notes was rescinded such that the 10,600,000 shares issued in connection therewith were cancelled and the Company reinstated and reissued approximately US$4,721,257 principal amount of notes originally converted, resulting in an aggregate principal amount of approximately US$9,672,727 of notes currently outstanding. 1,750,000 options of the Company were also terminated for no consideration.

At the Meeting, shareholder also voted in favour of and approved:

- setting the number of directors at five;
- appointed Lawerence Haber, David Kay, Peter McRae, Anna Stylianides and Courtenay Wolfe as the directors of the Company;
- reappointing Davidson & Company LLP as auditors of the Company for the ensuing year and authorizing the directors to fix their remuneration;
- approving all unallocated options rights or other entitlements under the Amended and Restated Incentive Share Option Plan of the Company and authorizing the Company to continue to grant options thereunder until October 10, 2020;
- approving the amendment of the investment agreement between the Company and Trexs Investments, LLC dated July 21, 2016 and the amendment of the security sharing agreement among PFR Gold Master Fund Ltd., Amber Latin America LLC, Trexs Investments, LLC, Anna Stylianides and Manas Dichow dated November 9, 2016; and
- approving the amendment to the management incentive plan of the Company dated January 13, 2017.

On October 16, 2017, the Plan of Arrangement became effective and the Converted Shares were rescinded.

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, 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. As noted above, Colombia's measures have rendered the Angostura Project unviable.

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 two main deposits: the Angostura and Móngora deposits. Of the two, the Angostura deposit is significantly larger and the central focus of the Angostura Project. The Móngora deposit is ancillary to the Angostura deposit.

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, *inter alia*, 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 cannon 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 cannon 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 deprived the Company of its 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 through a series of inconsistent decisions that Eco Oro may also be prohibited from carrying out mining activities within the "restoration" zone of the Santurbán Páramo. As noted above, Eco Oro has yet to obtain clarification in this regard. A further decision of the Colombian Constitutional Court published in November 2017 declared the delimitation of the Santurbán Páramo under Resolution 2090 to be unconstitutional. The Court suspended its declaration of unconstitutionality for twelve months so the Colombian Government can carry out a new delimitation of the Santurbán Páramo. The Court ordered the Ministry of Environment to adopt a broad, participative, effective and deliberative procedure when undertaking the new delimitation. The Court noted that the new delimitation cannot provide a lesser degree of protection to the Santurbán Páramo than the original delimitation. Eco Oro's rights are therefore under threat of further encroachments, given the risk that the new delimitation and future decisions of the Colombian authorities will further reduce the area of Concession 3452 accessible for mining activities.

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.

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 authority, the CDMB, has informed the Company that it is not in a position to process a request of or grant the environmental license for the Angostura Project required to exploit the remaining portion of the Concession.

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 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 to suspend 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 requests to suspend its exploration activities, which were both 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 Vetas, California and Suratá, subject to strict environmental controls. Pursuant to Law 1753, 2015, known as the "National Development Plan" mining activities are restricted in páramo ecosystems, although, as under Resolution 2090, certain exceptions apply to Eco Oro's Angostura Project.

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. In Resolution VSC 829, the ANM cited the February 8, 2016 decision of the Colombian Constitutional Court as the basis for its decision. 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. As noted above, Eco Oro has yet to obtain clarification in this regard.

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. On November 6, 2017, a Colombian news outlet published an article that purported to reproduce the full text of a leaked decision of the Colombian Constitutional Court dated responding to the lawsuit. Four days later, on November 10, 2017, the decision was published on the website of the Constitutional Court itself. The decision was dated May 30, 2017, however no explanation was provided as to why the Court had waited six months to publish it. This most recent Constitutional Court decision struck down Resolution 2090 on the basis that, inter alia, in delimiting the Santurbán Páramo, the Minister of Environment failed to consult adequately with all parties potentially affected by the delimitation and failed to allow them to participate meaningfully in the delimitation in the delimitation process. The Constitutional Court suspended the effects of its decision for a period of twelve months so that the Ministry of Environment can carry out a new delimitation of the Santurbán Páramo on the basis of a broad, participative, effective and deliberative procedure, that shall be based on community consultation. The Court also noted that the new delimitation must not provide a lesser degree of protection to the páramo than the original delimitation.

On October 24, 2017, the Company was notified by the ANM that the ANM had decided to approve a mine plan filed by Sociedad Minera de Santander (also known as Minesa), a Colombian gold mining company with a project neighbouring Eco Oro's Angostura Project. Minesa's mine plan contemplates the construction of two tunnels underneath part of Eco Oro's Concession 3452. On November 8, 2017, Eco

Oro filed an administrative appeal against the approval of Minesa's mine plan. At December 31, 2017, Eco Oro was awaiting a response to its appeal. It has since received confirmation that its appeal has been unsuccessful (discussed further below).

La Plata

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. 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.

Subsequent to December 31, 2017

- On March 19, 2018 following an extension to the original filing deadline, Eco Oro filed its Memorial on the Merits in the ICSID Arbitration.

OUTLOOK

Notwithstanding the continuation of the ICSID Arbitration process, the Company remains open to 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 advance the ICSID Arbitration and, in due course, review and respond to Colombia's response to its Memorial;
- to continue to assess the Company's activities, including monetization of certain of the Company's assets (including the potential disposition of assets, plant and equipment acquired for the Project) and cost reduction to support the preservation of its core assets and rights, in an effort to mitigate losses;
- to carefully manage its cash resources;
- to continue to assess the Company's mining titles and related on-going regulatory requirements;
- the protection of its rights and interests in Colombia; and
- to seek additional financing for the Company's operations.

RESULTS OF OPERATIONS

Three months ended December 31, 2017

	For the three months ended December 31, 2017	December 31, 2016	Change in $	Note
Exploration and evaluation expenses:				
Administrative expenses	**$ 242**	$ 352	**$ (110)**	**a**
Depreciation	**4**	62	**(58)**	**b**
Environmental expenses	**(21)**	614	**(635)**	**c**
Legal fees	**210**	185	**25**	
Other exploration and evaluation expenses	**9**	20	**(11)**	
Salaries and benefits	**226**	289	**(63)**	**d**
Surface rights	**6**	731	**(725)**	**e**
	676	2,253	**(1,577)**	
General and administrative expenses:				
Administrative expenses	**92**	66	**26**	
Legal and other professional fees	**3,165**	3,046	**119**	**f**
Management and directors' fees	**222**	39	**183**	**g**
Share-based compensation	**82**	18	**64**	**h**
	3,561	3,169	**392**	
	$ 4,237	$ 5,422	**$ (1,185)**	
Other items				
Equity tax	**-**	4	**(4)**	
Finance cost	**$ 342**	$ 403	**$ (61)**	
Foreign exchange loss	**(59)**	13	**(72)**	**i**
Gain on disposal of plant and equipment	**-**	(4)	**4**	
Impairment loss (recovery) on plant and equipment	**-**	1,620	**(1,620)**	
Impairment loss on exploration and evaluation assets	**-**	24,574	**(24,574)**	
Other income	**(18)**	(17)	**(1)**	
Loss on issuance of contingent value rights	**197**	-	**197**	**j**
	462	26,593	**(26,131)**	
LOSS BEFORE TAXES	**$ 4,699**	$ 32,015	**$ (27,316)**	
LOSS FOR THE PERIOD	**$ 4,699**	$ 32,015	**$ (27,316)**	
OTHER COMPREHENSIVE EXPENSES				
Foreign currency translation differences for foreign operations	**$ (110)**	$ 692	**$ (802)**	
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**$ 4,589**	$ 32,707	**$ (28,118)**	

Exploration and evaluation related expenses

a) The decrease in administrative expenses in the current period was due to the continuation of cost reduction initiatives implemented by the Company.

b) The decrease in depreciation is mainly related to the impairment of the plant and equipment during the year ended December 31, 2016.

c) Environmental expenses include the impact of the current year's changes in the site restoration provision. The cost estimates are updated periodically to reflect known developments and are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations. The decrease during the three months ended December 31, 2017 was due mainly to change on the costs and timing of the restoration work required to be done.

d) The decrease in salaries and benefits is mainly related the termination of 24 employees in Colombia in the second quarter of 2017 and the resignation of the former CEO of the Company.

e) The decrease in surface rights is mainly due to the Colombia's above described measures that deprived Eco Oro of its mining rights in respect of 50.73% of the Concession area.

f) The increase in general and administrative legal fees and other professional fees in the current period was primarily associated with legal and regulatory proceedings and activities related to the implementation of the Transactions and the preparation of the Company's principal submission in the ICSID Arbitration .

g) The increase in management and directors' fee is primarily related to the consulting fees paid to the Company's former Chairman, the severance payments made to the Company's former directors and the directors fees paid to the current directors. In addition, the management fees paid to the Company's current CEO incurred for this quarter was classified as general and administrative expenses instead of evaluation and exploration expenses.

h) This increase in share-based payments resulted from an increase in the number of options vesting and a corresponding increase in recognition of expense during the period.

i) The foreign exchange loss was primarily a result of the retranslation of the Company's US cash and loan payable which is denominated in USD into Canadian dollars.

j) Loss of issuance of contingent value rights is mainly related to the additional 2% CVRs issued to the CVR Holders during the three months ended December 31, 2017.

Year ended December 31, 2017

	For the year ended December 31, 2017	December 31, 2016	Change in $	Note
Exploration and evaluation expenses:				
Administrative expenses	**$ 810**	$ 1,003	**$ (193)**	**a**
Depreciation	**6**	299	**(293)**	**b**
Environmental expenses	**(74)**	769	**(843)**	**c**
Legal fees	**938**	336	**602**	**d**
Other exploration and evaluation expenses	**106**	164	**(58)**	
Salaries and benefits	**1,896**	2,019	**(123)**	**e**
Surface rights	**98**	838	**(740)**	**f**
	3,780	5,428	**(1,648)**	
General and administrative expenses:				
Administrative expenses	**428**	270	**158**	**g**
Legal and other professional fees	**19,248**	3,812	**15,436**	**h**
Management and directors' fees	**664**	165	**499**	**i**
Share-based compensation	**375**	114	**261**	**j**
	20,715	4,361	**16,354**	
	$ 24,495	$ 9,789	**$ 14,706**	
Other items				
Equity tax	**$ 46**	$ 117	**$ (71)**	**k**
Finance cost	**801**	741	**60**	**l**
Foreign exchange loss	**276**	108	**168**	**m**
Gain on disposal of plant and equipment	**-**	(175)	**175**	**n**
Other income	**(152)**	(25)	**(127)**	
Loss on issuance of contingent value rights	**197**	-	**197**	**o**
Impairment loss (recovery) on plant and equipment	**(505)**	1,620	**(2,125)**	
Impairment loss on exploration and evaluation assets	**-**	24,574	**(24,574)**	
	663	26,960	**(26,297)**	
LOSS BEFORE TAXES	**$ 25,158**	$ 36,749	**$ (11,591)**	
LOSS FOR THE YEAR	**$ 25,158**	$ 36,749	**$ (11,591)**	
OTHER COMPREHENSIVE EXPENSES				
Foreign currency translation differences for foreign operations	**$ (420)**	$ 398	**$ (818)**	
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$ 24,738**	$ 37,147	**$ (12,409)**	

a) The decrease in administrative expenses in the current period was due to the continuation of cost reduction initiatives implemented by the Company.

b) The decrease in depreciation is mainly related to the impairment of the plant and equipment during the year ended December 31, 2016.

c) Environmental expenses include the impact of the current year's changes in the site restoration provision. The cost estimates are updated periodically to reflect known developments and are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations. The decrease during the three months ended December 31, 2017 was due mainly to change on the costs and timing of the restoration work required to be done.

d) The increase in legal fees in the current period was primarily due to the legal dispute with the Colombian State.

e) The decrease in salaries and benefits is mainly related the termination of 24 employees in Colombia in the second quarter of 2017 and the resignation of the former CEO of the Company.

f) The decrease in surface rights is mainly due to the Colombia's above described measures that deprived Eco Oro of its mining rights in respect of 50.73% of the Concession area.

g) The increase in administrative expenses in the current period was due to the increase in transfer agent fees and other administration expenses related to the proxy contest and shareholders' meeting.

h) The increase in general and administrative legal fees and other professional fees in the current period was primarily associated with legal and regulatory proceedings and activities related to the Litigation the implementation of the Transactions and the preparation of the Company's memorial on the merits in the ICSID Arbitration.

i) The increase in management and directors' fees is primarily related to the consulting fees paid to the Company's former Chairman, the severance payments made to the Company's former directors and the directors fees paid to the current directors. In addition, the management fees paid to the Company's current CEO incurred for this period was classified as general and administrative expenses instead of evaluation and exploration expenses.

j) Share-based payments increased primarily due to more options vesting in the current year.

k) 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.

l) The increase in finance costs was primarily related to the interest of the convertible notes and loan payable and accretion of interest related to the site restoration provision.

m) The foreign exchange loss was primarily a result of the retranslation of the Company's US cash and loan payable which is denominated in USD into Canadian dollars.

n) Gain on disposal of plant and equipment was primarily related to the proceeds from the disposition of the plant and equipment in Colombia which were impaired to $nil during the year ended December 31, 2016.

o) Loss of issuance of contingent value rights is mainly related to the additional 2% CVRs issued to the CVR Holders during the year ended December 31, 2017.

SELECTED FINANCIAL INFORMATION

As at:	December 31, 2017	December 31, 2016	December 31, 2015
Total assets	$ 2,591	$ 18,751	$ 28,805
Total long-term liabilities	6,426	6,601	3,886

For the years ended:	December 31, 2017	December 31, 2016	December 31, 2015
Loss and comprehensive loss	$ 24,738	$ 37,147	$ 2,621
Basic and diluted loss per share	0.24	0.37	0.06

The decline in total assets as of December 31, 2017 when compared to December 31, 2016 is mainly due a significant reduction in cash relating to ongoing administrative costs and professional and legal fees incurred to maintain and respond to multiple legal proceedings in multiple jurisdictions in connection with the implementation of the Transactions

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 CVRs 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.

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Exploration and evaluation expenditures	$ 676	$ 459	$ 1,636	$ 1,009
General and administrative expenses	3,561	6,732	7,415	3,007
Other items	462	332	(397)	266
Net loss for the period	4,699	7,523	8,654	4,282
Basic and diluted loss per share	0.05	0.06	0.07	0.04

	Three months ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Exploration and evaluation expenditures	$ 2,253	$ 1,325	$ 908	$ 942
General and administrative expenses	3,169	135	750	307
Other items	26,593	172	(58)	253
Net loss for the period	32,015	1,632	1,600	1,502
Basic and diluted loss per share	0.31	0.02	0.02	0.02

The decrease in exploration and evaluation costs in the third and fourth quarter of 2017 is mainly the result of the termination of 24 employees in Colombia in the second quarter of 2017 and the adjustment of the environmental expenses due to the change in estimates of the site restoration provision. In conjunction with the termination, the Company paid $606 severance payments in the second quarter of 2017. The increase in exploration and evaluation costs in the third and fourth quarter of 2016 and the first and second quarters of 2017 is mainly related to compliance with regulatory requirements and in legal fees due to the legal dispute with the Colombian State. 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 these increases, the exploration and evaluation costs remained at relatively constant levels due to the cost reduction initiatives.

Except for the significant increase in legal fees and other expenses associated with the Litigation and the implementation of the Transactions in 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 addition, the increase in general and administrative expense in the second quarter of 2017 and the third quarter of 2015 is related to the recognition of the share-based payments of the options granted in those quarters.

"Other Items" mainly consists of foreign exchange gain / loss, finance costs, equity tax expense, gain / loss on disposal of plant and equipment and impairment loss on plant and equipment. The fluctuation in exchange rate for the USD and COP triggered a swing of exchange gain / loss for each quarter. The increase in finance costs in the 2017 is mainly due to the recognition of the accretion of interest of the convertible notes issued in the fourth quarter of 2016. The increase in finance costs in 2016 was primarily a result of the payment of surface canons and related interest charges (COP$631,474,949) to the Colombian State related to certain mining titles. In the fourth quarter of 2016, the Company recognized an impairment loss on plant and equipment of $1,620) and exploration and evaluation assets of $24,574. In the second quarter of 2017, the Company recognized a gain on disposal on plant and equipment of $505 due to the disposition of certain plant and equipment which the carrying value was written down to $nil. In the first quarter of 2017 and 2016, the Company recognized an equity tax expense of $46 and $113, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Cash Flows

	Three months ended			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Cash used in operating activities	$ (1,777)	$ (4,797)	$ (13,084)	$ (2,041)
Cash flows from financing activities	-	4,823	-	-
Cash flows from (used in) investing activities	(15)	(29)	394	-
Effects of exchange rate changes on cash and cash equivalents	(10)	87	(36)	(7)
Total cash flow	(1,802)	84	(12,726)	(2,048)
Cash and cash equivalents	2,124	3,926	3,842	16,568
Guaranteed investment certificate	-	-	-	-
Working capital (deficiency)	(10,281)	(5,516)	1,725	10,040

	Three months ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Cash used in operating activities	$ (3,106)	$ (2,093)	$ (662)	$ (1,188)
Cash flows from financing activities	20,171	3,461	-	-
Cash flows from (used in) investing activities	4	130	179	35
Effects of exchange rate changes on cash and cash equivalents	16	52	5	(57)
Total cash flow	17,085	1,550	(478)	(1,210)
Cash and cash equivalents	18,616	1,531	31	459
Working capital (deficiency)	14,202	(728)	(3,067)	(1,758)

Except for the significant cash used in legal fees and other expenses associated with the Litigation, the implementation of the Transactions and the legal dispute with the Colombian State in 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 ICSID Arbitration, management's current forecasts includes cash outflows to continue its trend consistent with the last two quarters and cash inflows is expected to be covered by financing.

In order for the Company to be able to meet its obligations and continue its future operations, 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 ICSID Arbitration 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 million) contingent value rights and $9,386 (US$7 million) 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 certificates 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 involved in the Litigation which has resulted in significant and unbudgeted expenditures by the Company. The costs of the Litigation have affected the ability of the Company to forecast cash requirements over the short to mid-term and ultimately the impact upon the liquidity of the Company.

On September 11, 2017, in order to fund the implementation of the Transactions and the short-term working capital needs of the Company, Trexs loaned the Company the Loan pursuant to the Loan Agreement. The Loan is unsecured and for a term of 150 days and bears interest at a rate of 5%

per annum. The Loan Agreement was approved by each of the independent directors of the Company.

On April 20, 2018, the Company entered into a loan agreement with Trexs for a secured term loan of US$15.19 million ("Term Loan"). The Term Loan is funded by way of two advances, the first in the amount of US$7,668,532 (received) and the second in the amount of US$7,521,468. The Company used the funds from the first advance to repay the Loan.

With cash on hand at December 31 ,2017 and financing completed subsequent to year end, the Company has sufficient cash to meet short-term operating needs.

The Company plans to cover its operational expenses through financing. 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 financing in the future and at terms that are favorable.

The ability of the Company to continue as a going concern is dependent upon the Company's ability to: implement the terms of the Settlement Agreement satisfactorily, fund its operational expenses, and maintain a listing on a recognized stock exchange in Canada. 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 ICSID Arbitration, metal prices, the political risk of operating in a foreign country other uncertainties described above, 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

	Total	2018	2019	2020	2021	2023 and thereafter
Site restoration provision (1)	$ 5,814	$ 607	$ 1,692	$ 1,272	$ 743	$ 1,500
Loans (1)	5,080	5,080	-	-	-	-
Convertible notes (1)	12,140	-	-	-	-	12,140
	$ 23,034	**$ 5,687**	**$ 1,692**	**$ 1,272**	**$ 743**	**$ 13,640**

1) Represents the undiscounted cash flow.

Management Incentive Plan

During the first quarter of 2017, the Company implemented a management incentive plan (the "MIP") to incentivize certain key personnel toward the effective prosecution and collection of the ICSID Arbitration. Implementation of a management incentive plan was a requirement under the terms of the Investment Agreement.

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

On October 16, 2017, pursuant to the Settlement Agreement, the MIP was amended such that the cash retention amount pool was decreased from 7% to 5% of the total gross proceeds of the ICSID Arbitration and was amended to ensure that other participants (including current or former employees, consultants or directors of the Company) may benefit from the MIP.

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

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 15 of our audited condensed consolidated financial statements for the year ended December 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 ICSID Arbitration would have a material adverse effect on the Company.

For a discussion on the contingencies, refer to note 15(c) of the audited consolidated financial statements for the year ended December 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.

<u>During the year ended December 31, 2017:</u>

- On March 16, 2017, the Company converted its outstanding convertible notes with a face value of US$4,721,258 through the issuance of the Converted Shares.
- The Company issued 269,852 common shares through a cashless exercise provision in exchange of 457,000 options.
- On May 8, 2017, the Company granted 1,480,000 options with an exercise price of $0.485 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 $0.485 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.
- On May 8, 2017, the Company granted 1,650,000 options with an exercise price of $0.485 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 (the "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 would terminate and cease to exist.
- On October 16, 2017, pursuant to the Arrangement, the Note Rescission was effected, such that the Converted Shares were cancelled and the Company reinstated and reissued approximately US$4.7 million principal amount of convertible notes that originally converted.
- October 16, 2017, pursuant to the Settlement Agreement, the Company rescinded the Options.
- 177,500 options expired unexercised.

The following are outstanding as at April 26, 2018:

Common shares	106,524,953
Shares issuable on the exercise of outstanding stock options	3,502,000
Fully diluted shares outstanding	110,026,953

SUBSEQUENT EVENTS

- On March 19, 2018, the Company filed its Memorial on the Merits in the ICSID Arbitration. The Company is seeking US$764 million as compensation for damages the Company sustained as a result of Colombian State measures. The Company has not recorded any amount in the financial statements as a contingent gain due to the ultimate uncertainly of the outcome.
- On April 20, 2018, the Company entered into a loan agreement with Trexs for a secured term loan of US$15.19 million ("Term Loan"). The Term Loan is funded by way of two advances, the first in the amount of US$7,668,532 (received) and the second in the amount of US$7,521,468. The Company used the funds from the first advance to repay the Bridge Loan.
- The Term Loan is due and payable by the Company on July 16, 2018 (the "Maturity Date"), subject to the Company's unilateral right to extend the Maturity Date in three month increments up to a maximum of three times. The Term Loan is repayable by the Company at any time without penalty after July 16, 2018.

  The Term Loan bears interest at a rate of 0.60% per month, such rate to automatically increase by 0.60% each calendar month, up to a maximum rate of 3.89% per month, calculated monthly in arrears and payable in full on the Maturity Date. The Term Loan includes an origination fee of US$140,000, an application and processing fee of US$350,000 and a renewal option fee of US$700,000, each payable on the date of the first advance.

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 17 of our audited consolidated financial statements for the year ended December 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, 2017.

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 years ended December 31, 2017		For the years ended December 31, 2016
Short-term benefits	$	1,060	$ 584
Share-based payments		9	93
	$	1,069	$ 677

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.

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 years ended December 31, 2017		For the years ended December 31, 2016
Fintec Holdings Corp. ("Fintec")			
Management fees	$	271	$ 120
Quantum Advisory Partners LLP ("Quantum")			
Management and accounting services	$	314	$ 162
James H. Atherton Law Corporation ("Law Corp")			
Legal services	$	-	$ 39

Fintec is a company owned by the Company's former Executive Chairman, former Interim President, and current director, Anna Stylianides. The services provided by Fintec were in the normal course of operations related to director and management fees. During the year ended December 31, 2016, the Company issued convertible notes in the amount of $43 and one CVR certificate in the amount of $24.

An incorporated partner and a senior manager of Quantum (a limited liability partnership) are the Company's Interim Chief Executive Officer (CEO) and Interim Chief Financial Officer (CFO), respectively. The services provided by Quantum were in the normal course of operations related to CEO, CFO, accounting and corporate secretarial 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.

As of December 31, 2017 and 2016, the amount due to the Company's officers and directors, and the company controlled by the Company's officers and directors was as follows:

	December 31, 2017	December 31, 2016
Trade and other payables	**$ 194**	$ 12
Loan payable	**5,080**	-
Convertible notes (face value)	**8,825**	9,420
	$ 14,099	$ 9,432

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, 2017 for a more detailed discussion of the critical accounting estimates and judgments.

CHANGES IN ACCOUNTING POLICIES

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:

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. The Company expects no material impact from the adoption of this standard.
- 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, 2018. The Company expects no material impact from the adoption of this standard.
- 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.

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, 2017, 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, 2017, 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.

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 a permanent solution with respect to any defaults that may exist 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.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Management Discussion and Analysis constitute forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to 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 plans with respect to the Angostura Project and future announcements relating thereto, estimated capital expenditures, estimated internal rates of return, 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 ICSID Arbitration, conclusions of economic evaluations; changes in project parameters as plans continue to be refined; 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; 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 potential settlement or outcome of the ICSID Arbitration, that the Company can access financing, 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.