



Eco Oro Minerals Corp.

ECO ORO ANNOUNCES PRO RATA PRIVATE PLACEMENT OF UP TO US\$35,000,000

Vancouver, British Columbia, February 26, 2019 – Eco Oro Minerals Corp. (CSE:EOM) (the “**Company**” or “**Eco Oro**”) is pleased to announce that it has entered into an investment and backstop agreement (the “**Investment Agreement**”) with Trexs Investments, LLC (“**Trexs**”), pursuant to the terms of which Trexs and Eligible CVR Holders (as defined below) will be entitled to participate in a private placement (the “**Private Placement**”) for aggregate gross proceeds of up to US\$35,000,000. Pursuant to the terms of the Investment Agreement, the proceeds of the Private Placement will be used to, among other things, repay all outstanding obligations owing by the Company to Trexs under its previously announced US\$15,190,000 secured term loan (the “**Loan**”) and for general corporate purposes, including working capital needs.

Holders (the “**Existing CVR Holders**”) of the Company’s previously issued contingent value rights certificates (“**Existing CVRs**”) who are eligible to participate in the Private Placement on a prospectus exempt basis (“**Eligible CVR Holders**”) will be entitled to participate in the Private Placement on a *pro rata* basis as set out in the Investment Agreement. Trexs will backstop any portion of the Private Placement that Eligible CVR Holders do not subscribe for and purchase.

Overview of the Private Placement

Under the terms of the Investment Agreement, the Private Placement will be completed in two tranches:

- a “First Tranche” for aggregate proceeds of US\$28,000,000, consisting of (i) US\$13,000,000 of contingent value rights certificates (the “**New CVRs**” and, together with the Existing CVRs, the “**CVRs**”), and (ii) US\$15,000,000 of unsecured 0.025% interest-bearing promissory notes due June 30, 2028 (the “**New Notes**”); and
- a “Second Tranche” consisting of up to US\$7,000,000 of unsecured 10% interest-bearing promissory notes due June 30, 2028 (the “**10% Notes**” and, together with the New Notes and \$9,672,727.30 of existing unsecured 0.025% interest-bearing notes due June 30, 2028, the “**Notes**”).

The First Tranche will include (i) an “Initial Subscription”, pursuant to which Eligible CVR Holders will be entitled to acquire their *pro rata* share of the New CVRs and New Notes, and (ii) a “Supplemental Subscription”, pursuant to which Eligible CVR Holders who subscribe for their full *pro rata* allocation of the First Tranche will be entitled to subscribe for the unallocated portion of the First Tranche on a *pro rata* basis. It is currently anticipated that the Initial Subscription will close on or about April 3, 2019 and the Supplemental Subscription will close on or about April 24, 2019.

Eligible CVR Holders who subscribe for their full *pro rata* allocation of the First Tranche will also be entitled to participate in the Second Tranche on a *pro rata* basis. Under the terms of the Private Placement, the 10% Notes issued in the Second Tranche will compound and capitalize annually and be issued in increments of not less than US\$1,000,000 in the aggregate upon majority approval by the Company’s board of directors (the “**Board of Directors**”).

Following completion of the Private Placement, any proceeds from the Corporation’s arbitration proceedings against the Republic of Colombia (the “**Claim Proceeds**”) will be distributed in accordance with the “Distribution Waterfall” described in Section 8 of the Investment Agreement, in the following order of priority (in each case to the extent that the amount of Claims Proceeds is sufficient):

- (i) in full repayment of any accrued and unpaid default interest, fees, expenses or indemnity obligations in respect of the CVRs and the Notes;
- (ii) in full repayment of all obligations, liabilities and indebtedness (including all principal, interest, fees and other amounts) under the Notes;
- (iii) to holders of CVRs and eligible participants in the Company's Management Incentive Plan (the "MIP"), in an amount equal to the lesser of (i) US\$460,000,000 and (ii) their maximum aggregate entitlements to the Claim Proceeds under the CVRs and the MIP;
- (iv) to the Company, US\$30,000,000 which may be used for, among other things, distributions to common shareholders of the Company;
- (v) to holders of CVRs and eligible participants in the MIP, until aggregate distributions equal their maximum aggregate entitlements to the Claim Proceeds under the CVRs and the MIP; and
- (vi) to the Company, the balance for, among other things, distributions to common shareholders of the Company.

Closing of the Initial Subscription, the Supplemental Subscription and each call of the Second Tranche are subject to customary closing conditions, as set out in more detail in the Investment Agreement. A copy of the Investment Agreement will be filed under the Company's SEDAR profile at www.sedar.com.

Subscription Process

The Company will deliver a "Notice of Private Placement" and form of subscription agreement to Existing CVR Holders. Eligible CVR Holders who hold an indirect ownership interest in Existing CVRs through Kingsdale Partners LP (the "**Custodian**") and wish to participate in the Private Placement should contact the Custodian at corpaction@kingsdaleadvisors.com for additional information about the subscription process.

Board Approval

In arriving at its decision to approve the Investment Agreement and the Private Placement, the Board of Directors took into account, among other things, the recommendation of the Special Committee of independent directors formed to review and consider financing alternatives. In order to assist with this process, the Special Committee engaged Ernst & Young Orenda Corporate Finance Inc. as financial advisor and McCarthy Tétrault LLP as special counsel. With the advice of its financial and legal advisors, the Special Committee conducted a thorough process and considered a number of options, including alternative financing transactions proposed by third party investors. Following this review process, the Special Committee determined that the Private Placement is the best available option for repaying the Loan and meeting the Company's capital needs.

As Trexs, certain Existing CVR Holders who are also significant shareholders of the Company and certain directors of the Company will or may be participating in the Private Placement, the transaction would ordinarily be subject to the "minority approval requirements" set forth in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Board of Directors, including its independent members, have determined, in light of the Company's circumstances, that the Company is eligible to rely on the exemption from minority approval requirements provided by Subsection 5.7(e) of MI 61-101.

Company Profile

Eco Oro Minerals Corp. is a publicly-traded company and its arbitration against the Republic of Colombia is its core focus.

Forward-Looking Statements

This news release includes "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") within the meaning of applicable securities legislation, including statements with respect to the completion of the Private Placement and the distributions of Claims Proceeds in accordance with the Distribution Waterfall. All statements, other than statements of historical fact, included herein are forward-looking statements that involve known and unknown risks and uncertainties. Forward-looking statements are necessarily based upon the current belief, opinions and expectations of management that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and other contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in the forward-looking statements. These factors include, among others, the Company's ability to satisfy the conditions to the closing of the Initial Subscription, the Supplemental Subscription and each call of the Second Tranche, the cost and results of the Company's arbitration proceedings against the Republic of Colombia and the amount of Claim Proceeds, if any, available for distribution to the Company's securityholders. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. The Company does not undertake to update any forward-looking statements or forward-looking information that are incorporated by reference herein, except in accordance with applicable securities laws. Investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

The Canadian Securities Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.

SOURCE Eco Oro Minerals Corp.

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