ECO ORO MINERALS CORP.

Consolidated Financial Statements

Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Eco Oro Minerals Corp.

Opinion

We have audited the accompanying consolidated financial statements of Eco Oro Minerals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Erez Bahar.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada — Chartered Professional Accountants

April 26, 2019

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

As at		**December 31, 2018**		December 31, 2017
ASSETS				
Current assets				
Cash	**$**	**1,651**	$	2,124
Accounts receivable		**41**		66
Prepaid expenses and deposits		**472**		258
		2,164		2,448
Non-current assets				
Plant and equipment (note 4)		**130**		142
Exploration and evaluation assets (note 5)		**1**		1
		131		143
TOTAL ASSETS	**$**	**2,295**	$	2,591
LIABILITIES				
Current liabilities				
Trade and other payables	**$**	**5,072**	$	6,137
Loans payable (note 6)		**-**		5,080
Secured term loan payable (note 7)		**24,335**		-
Amounts payable on exploration and evaluation asset acquisition (note 8)		**903**		905
Current portion of site restoration provision (note 9)		**173**		607
		30,483		12,729
Non-current liabilities				
Long-term employee benefits		**9**		8
Site restoration provision (note 9)		**5,167**		4,575
Convertible notes (note 10)		**2,392**		1,843
		7,568		6,426
TOTAL LIABILITIES		**38,051**		19,155
DEFICIENCY				
Share capital (note 11)	**$**	**324,928**	$	324,928
Contributions from shareholders (note 11)		**11,285**		11,285
Contingent value rights (note 11)		**7,525**		7,525
Equity reserve		**31,910**		31,756
Deficit		**(374,005)**		(354,681)
Accumulated other comprehensive loss		**(37,399)**		(37,377)
TOTAL DEFICIENCY		**(35,756)**		(16,564)
TOTAL LIABILITIES AND DEFICIENCY	**$**	**2,295**	$	2,591

Nature of operations and going concern (note 1)
Commitments and contingencies (note 15)
Segmented information (note 16)
Subsequent events (1, 5, 7, 10, 11, 15 and 20)

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

These consolidated 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.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in thousands of Canadian dollars unless otherwise specified)

	For the years ended December 31, 2018	December 31, 2017
Exploration and evaluation expenses:		
Administrative expenses	**$ 880**	$ 810
Depreciation (note 4)	**12**	6
Environmental expenses	**389**	294
Legal fees	**909**	938
Other exploration and evaluation expenses	**77**	106
Salaries and benefits	**1,030**	1,896
Surface rights	**90**	98
	3,387	4,148
General and administrative expenses:		
Administrative expenses	**286**	428
Legal and other professional fees	**6,229**	19,248
Management and directors' fees	**984**	664
Share-based payments (note 11)	**154**	375
	7,653	20,715
Other items		
Impairment recovery on exploration and evaluation assets (note 5)	**(643)**	-
Impairment recovery on property, plant and equipment (note 4)	**-**	(505)
Equity tax	**-**	46
Finance cost (note 12)	**5,484**	433
Foreign exchange loss	**1,818**	276
Other income	**(80)**	(152)
Loss on modification of secured term loan (note 7)	**1,705**	-
Loss on issuance of contingent value rights (note 11)	**-**	197
	8,284	295
LOSS FOR THE YEAR	**$ 19,324**	$ 25,158
OTHER COMPREHENSIVE EXPENSES		
Foreign currency translation differences for foreign operations	**$ 22**	$ (420)
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$ 19,346**	$ 24,738
Basic and diluted loss per share for the year attributable to common shareholders ($ per common share) (warrants and options not included as the impact would be anti-dilutive)	**$ 0.18**	$ 0.24
Weighted average number of common shares outstanding - basic and diluted	**106,524,953**	106,507,096

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

Eco Oro Minerals Corp.
Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in thousands of Canadian dollars unless otherwise specified)

	Share capital							
	Number of shares	Amount	Contributions from shareholders	Contingent value rights	Equity Reserves	Deficit	Accumulated other comprehensive loss	Total
Balance at December 31, 2016	**106,255,101**	**$ 324,835**	**$ 11,285**	**$ 7,328**	**$ 31,474**	**$ (329,523)**	**$ (37,797)**	**$ 7,602**
Shares issued upon conversion of convertible debt	10,600,000	6,338	(5,508)	-	-	-	-	**830**
Rescinded convertible debt	(10,600,000)	(6,338)	5,508	-	-	-	-	**(830)**
Shares issued - stock option exercise	269,852	93	-	-	(93)	-	-	**-**
Issuance of contingent value rights	-	-	-	197	-	-	-	**197**
Share-based payments	-	-	-	-	375	-	-	**375**
Loss for the year	-	-	-	-	-	(25,158)	-	**(25,158)**
Other comprehensive income for the year	-	-	-	-	-	-	420	**420**
Balance at December 31, 2017	**106,524,953**	**$ 324,928**	**$ 11,285**	**$ 7,525**	**$ 31,756**	**$ (354,681)**	**$ (37,377)**	**$ (16,564)**
Share-based payments	-	-	-	-	154	-	-	**154**
Loss for the year	-	-	-	-	-	(19,324)	-	**(19,324)**
Other comprehensive loss for the year	-	-	-	-	-	-	(22)	**(22)**
Balance at December 31, 2018	**106,524,953**	**$ 324,928**	**$ 11,285**	**$ 7,525**	**$ 31,910**	**$ (374,005)**	**$ (37,399)**	**$ (35,756)**

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

Eco Oro Minerals Corp.
Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian dollars unless otherwise specified)

	For the years ended December 31, 2018	December 31, 2017
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Loss for the year	**$ (19,324)**	$ (25,158)
Adjustments for:		
Accretion of interest of loans payable (note 6)	**433**	98
Accretion of interest of secured term loan payable (note 7)	**3,020**	-
Accretion of interest of convertible notes (note 10)	**371**	311
Change in site restoration provision (note 9)	**(38)**	(102)
Depreciation (note 4)	**12**	6
Equity tax expense	**-**	46
Equity tax paid	**-**	(46)
Finance costs	**1,648**	-
Loss on issuance of contingent value rights (note 11)	**-**	197
Impairment recovery on exploration and evaluation assets (note 5)	**(643)**	-
Impairment recovery on plant and equipment (note 4)	**-**	(505)
Unwinding of discount of site restoration provision (note 9)	**271**	368
Loss on modification of secured term loan (note 7)	**1,705**	-
Remediation expenditures (note 9)	**(61)**	(92)
Share-based payments (note 11)	**154**	375
Unrealized foreign exchange loss	**1,671**	-
Change in non-cash working capital items (note 13)	**(1,251)**	2,803
Net cash flows used in operating activities	**(12,032)**	(21,699)
FINANCING ACTIVITIES		
Proceeds from secured term loan payable, net of transaction costs (note 7)	**17,763**	-
Repayment of secured term loan payable (note 7)	**(1,228)**	-
Receipt (repayment) of loan payable (note 6)	**(5,578)**	4,823
Net cash flows from financing activities	**10,957**	4,823
INVESTING ACTIVITIES		
Proceeds on sale of exploration and evaluation assets, net of tax and transaction costs (note 5)	**643**	-
Proceeds on disposition of plant and equipment, net of tax and transaction costs (note 4)	**-**	505
Purchase of plant and equipment (note 4)	**-**	(155)
Net cash flows from investing activities	**643**	350
Effects of exchange rate changes on cash	**(41)**	34
Net decrease in cash	**$ (473)**	$ (16,492)
Cash, beginning of year	**2,124**	18,616
Cash, end of year	**$ 1,651**	$ 2,124

Supplemental cash flow information (note 13)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Eco Oro Minerals Corp. (the "Company" and "Eco Oro") is a publicly-listed company incorporated under the legislation of the Province of British Columbia. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "EOM". The Company's registered office is located at Suite 1800 - 510 West Georgia Street, Vancouver, British Columbia, Canada. The audited consolidated financial statements of the Company as at and for the year ended December 31, 2018 are comprised of the accounts 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 the Republic of Colombia ("Colombia"). Until late 2016, the Company had been focused on the development of the Angostura Project in northeastern Colombia which consists of the main Angostura deposit and its five satellite prospects.

In August 2016, the Colombia, through the Colombian National Mining Agency (the "ANM") issued a decision 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 Colombia's measures, 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 Colombia's measures that have adversely affected its investments in the Colombian mining sector, depriving Eco Oro of its rights under its principal mining title, Concession Contract 3452, comprising the Angostura gold and silver deposit, and rendering the Angostura Project unviable, in violation of Colombia's obligations under the Canada-Colombia Free Trade Agreement. Notwithstanding the commencement of the ICSID Arbitration Claim, the Company remains open to engagement with the Colombian authorities in order to achieve an amicable resolution of the dispute. The ICSID Arbitration Claim has now become the core focus of the Company.

Plan of arrangement

In July 2016 the Company entered into investment agreements to issue convertible notes (the "2016 Notes"), contingent value rights (the "2016 CVRs") and common shares (the "Investment") in order to fund its operations and its arbitration against Colombia. In December 2016, a petition was filed in the Supreme Court of British Columbia by two shareholders of the Company (the "Concerned Shareholders") seeking, among other things, to set aside and cancel the Investment.

In March 2017, the Company converted a portion of the 2016 Notes into an aggregate of 10,600,000 common shares of the Company (the "Converted Shares"). Following this conversion, the Concerned Shareholders filed a Notice of Application with the Ontario Securities Commission ("OSC") seeking a ruling that the Toronto Stock Exchange ("TSX") erred in granting conditional approval for this conversion. The OSC ordered that the TSX approval be set aside and required that the Company seek shareholder approval of the conversion.

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

Plan of arrangement (continued)

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 who were entitled to vote at the Company's upcoming annual general and special meeting (the "2017 AGM"). The Settlement Agreement resolved all outstanding litigation between the Company and the Concerned Shareholders relating to the Company's board composition, options granted (Note 11), the issuance of the Converted Shares and the 2017 AGM and, in connection therewith, Trexs Investments LLC ("Trexs") provided a temporary waiver of all existing and future defaults and events of default under the relevant investment documents.

At the 2017 AGM, the Company's shareholders approved a 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 2016 CVRs was redistributed among electing shareholders of the Company that did not previously hold 2016 CVRs (such electing shareholders, "Participating Entitled Shareholders"). Additionally, under the Plan of Arrangement, the conversion of a portion of the 2016 Notes into the Converted Shares was rescinded and certain options were terminated. The Plan of Arrangement became effective on October 16, 2017.

Going concern

At December 31, 2018, the Company had a working capital deficiency of $28,319 and had not yet achieved profitable operations and the Company expects to incur further losses in the development of its business. For the year ended December 31, 2018, the Company reported a comprehensive loss of $19,346 and as at December 31, 2018, the Company had an accumulated deficit of $374,005. Cash used in operating activities for the year ended December 31, 2018 was $12,032.

On April 20, 2018, the Company entered into a loan agreement with Trexs for a secured term loan of US$15.19 million (the "Term Loan") (Note 7). The Company used a portion of the funds to repay a short-term unsecured loan of US$4 million (Note 6).

On February 26, 2019, the Company entered into an investment and backstop agreement with Trexs, pursuant to which Trexs and eligible holders of 2016 CVRs are entitled to participate in a private placement for aggregate gross proceeds of up to US$35,000,000 of which US$22,600,000 was received on April 9, 2019 (Note 20). US$20,306,032 of the proceeds were used to repay the Term Loan in full, including interest.

The Company's ability to continue operations and fund future business activities is dependent on management's ability to secure additional financing. Management is actively pursuing additional sources of financing. However, there is no assurance that they will be able to do so successfully. On the basis of the Company's balance of cash as at December 31, 2018, additional financings completed subsequent to year end (Note 20), and identified opportunities to reduce its operating costs for the fiscal year 2019, the Company has sufficient cash to meet short-term operating needs. To date, the Company has not generated any profit through its operations.

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

Going concern (continued)

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, if required. 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. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors and authorized for issue on April 26, 2019.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments and liabilities for cash-settled share-based payment arrangements, which are measured at fair value.

Comparative figures

The Company reclassified the finance cost related to the site restoration provision to environmental expenses in the current and prior year's presentation.

Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Use of estimates (continued)

Critical accounting estimates that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

- ***Recoverability of exploration and evaluation assets and plant and equipment (notes 2(g), 4 and 5)***
  While assessing whether any indications of impairment exist for evaluation and exploration assets and plant and equipment, consideration is given to both external and internal sources of information. Information that the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of evaluation and exploration assets. Internal sources of information include the manner in which evaluation and exploration assets and plant and equipment are being used or are expected to be used and indications of expected economic performance of the assets.

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

  During the year ended December 31, 2018 and 2017, management determined that there were no changes to the impairment indicators above and therefore continues to record the recoverable amount of the Company exploration and evaluation asset at $1.

  The same impairment indicators existed for the plant and equipment assets used in connection with the evaluation and exploration of the Angostura Project. Given that there was a lack of objective evidence to determine the recoverable amount of those assets, management decided to impair those assets to $nil during the year ended December 31, 2016.

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

- ***Site restoration provision (note 9)***
  The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine or exploration property. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Use of estimates (continued)

- ***Measurement of liabilities for share-based payment arrangements (note 11)***
  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment is used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- ***Recovery of deferred tax assets (note 2(m) and 19)***
  In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement.

  Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Use of judgments

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- ***Determination of going concern (note 1)***
  The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

- ***Determination of functional currency***
  In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currencies of the Company and its subsidiaries are Canadian dollar and Colombian peso, respectively, as this is the currency of the primary economic environment in which the Company operates.

- ***Segment disclosures***
  The Company's operations comprise a single reporting operating segment engaged in the acquisition, exploration and development of assets in Colombia. As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Use of judgments (continued)

- ***Commitments and Contingencies***
  Periodically, the Company may be contingently liable with respect to claims incidental to the course of its operations. In the opinion of management, and based on management's consultation with legal counsel, the ultimate outcome of such matters will not have a material adverse effect on the Company. Accordingly, no provision has been made in the accompanying consolidated financial statements for losses, if any, which might result from the ultimate disposition of these matters should they arise. Such matters are described further in Note 15.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company, its Colombian branch and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

b) Foreign currency transactions

Transactions in foreign currencies are translated to CAD and COP, the functional currency of Company, and its Colombian branch and subsidiaries, respectively, at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate on that date.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value. As at December 31, 2018 and 2017, the Company had no cash equivalents.

d) Financial instruments

Effective January 1, 2018, the Company has retrospectively adopted IFRS 9. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement. The Company completed an assessment of its financial instruments as at January 1, 2018 and determined that neither the classification nor the measurement of the financial instruments were impacted from adopting this standard.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Significant accounting policies

d) Financial instruments (continued)

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	New classification IFRS 9
Financial assets:		
Cash	Loans and receivables, measured at amortized cost	Amortized cost
Accounts receivable	Loans and receivables, measured at amortized cost	Amortized cost
Financial liabilities:		
Trade and other payables	Financial liabilities, measured at amortized cost	Amortized cost
Loan payable	Financial liabilities, measured at amortized cost	Amortized cost
Secured term loan	Financial liabilities, measured at amortized cost	Amortized cost
Amounts payable on exploration and evaluation asset acquisition	Financial liabilities, measured at amortized cost	Amortized cost
Convertible notes	Financial liabilities, measured at amortized cost	Amortized cost

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements and since the Company does not have any financial liabilities designated at FVTPL, the adoption of IFRS 9 did not impact the Company's accounting policies for financial liabilities.

- ***Classification and measurement***

  The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

  The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Significant accounting policies

d) Financial instruments (continued)

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTPL - Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

- ***Impairment of financial assets at amortized cost***

  The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

  Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

- ***Derecognition of financial assets***

  Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

- ***Financial liabilities***

  The Company classifies its financial liabilities into one of two categories as follows:

  Fair value through profit or loss (FVTPL) - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Significant accounting policies

d) Financial instruments (continued)

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Refer to Note 18 for further disclosures

e) Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

- Buildings 20 years
- Office equipment 3 years

f) Exploration and evaluation

The Company's exploration and evaluation ("E&E") assets are classified as either tangible or intangible. Tangible assets comprise of land. Intangible assets comprise mineral property surface rights, mining titles, exploration licenses, exploitation permits, and concession contracts.

All direct costs related to the acquisition of mineral property interests are capitalized. E&E expenditures incurred prior to the determination of feasibility and a decision to proceed with development are charged to profit and loss as incurred. Subsequent to a positive development decision, development expenditures are capitalized as tangible assets and depreciated when such assets are put in use.

g) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that the assets are impaired. For exploration and evaluation assets (and tangible assets related thereto such as plant and equipment), the Company considers the following indicators of impairment: (i) whether the period for which the Company has the right to explore has expired in the period or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditures on further exploration for and evaluation of mineral resources is neither budgeted nor planned; (iii) exploration and evaluation have not led to the discovery of commercially viable mineral resources and activities are to be discontinued; (iv) sufficient data exists to indicate that, although a development in the area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale; and (v) other factors that may be applicable such as a significant drop in metal prices or deterioration in the availability of equity financing. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate largely independent cash inflows, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Significant accounting policies

g) Impairment of non-financial assets (continued)

Recoverable amount is the higher of fair value less costs to dispose, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

An impairment loss recognized in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro-rata basis.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

h) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Site restoration

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Significant accounting policies

i) Interest income and finance costs

Interest income is recognized as it accrues in profit or loss using the effective interest method.

Finance costs comprise unwinding of the discount on provisions and changes in the fair value of financial liabilities at fair value through profit or loss.

Foreign currency gains and losses are reported on a net basis.

j) Share capital

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price at the acquisition date and at the date of issuance for other non-monetary transactions. For proceeds received from the issuance of compound equity instruments such as units comprised of common shares and warrants, the Company allocates the proceeds using the residual method whereby the proceeds allocated to the warrants is based on their Black-Scholes fair value with the remaining proceeds allocated to common shares.

k) Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted-average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted-average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

l) Share-based payments arrangements

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

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

m) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except for items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Significant accounting policies

m) Income taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The amount of deferred tax reflects the expected manner of realization or settlement of the carrying amount of assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets that are recognized are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. NEW ACCOUNTING STANDARDS

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, 2018.

The adoption of the following IFRS pronouncement will result in enhanced financial statement disclosures in the Company's annual consolidated financial statements.

- **IFRS 9 – New standard that replaced IAS 39 for classification and measurement.**
  Effective January 1, 2018, the Company has adopted IFRS 9 retrospectively. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement. The Company completed an assessment of its financial instruments as at January 1, 2018 and determined that neither the classification nor the measurement of the financial instruments were impacted from adopting this standard.

  Refer to note 2(d) for the new accounting policy under IFRS 9.

3. NEW ACCOUNTING STANDARDS (CONTINUED)

Adoption of new and amended accounting standards (continued)

- **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 January 1, 2018, the Company has adopted IFRS 15. This standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The adoption of this standard did not have an impact on the Company's financial statements.

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, 2019. 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 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. Under IFRS 16, as a lessee, the Company is required to recognize all leases in the statement of financial position as a "right-of-use" asset and a lease liability unless the lease term is 12 months or less or the underlying asset has a very low value. The asset is subsequently accounted for in accordance with the cost or revaluation model in IAS 16 Property, Plant and Equipment or as Investment Property under IAS 40 Investment Property. The liability is unwound over the term of the lease giving rise to an interest expense. The Company completed an assessment and concluded that there is no material impact on the financial statements from the adoption of this standard.

- **IFRIC 23 – Uncertainty over Income Tax Treatments**
  This standard was issued by the IASB in June 2017 and specifies the interpretation to be applied to the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company completed an assessment and concluded that no significant change to its financial statements from adopting this new standard.

(Expressed in thousands of Canadian dollars unless otherwise specified)

4. PLANT AND EQUIPMENT

	Buildings	Office Equipment	CIP	Total
Cost				
As at December 31, 2016	$ -	$ -	$ -	**$ -**
Additions	129	16	10	**155**
Transfer between categories	10	-	(10)	**-**
Effect of movements in exchange rates	(6)	(1)	-	**(7)**
Balance as at December 31, 2017	**$ 133**	**$ 15**	**$ -**	**$ 148**
Depreciation				
As at December 31, 2016	$ -	$ -	$ -	**$ -**
Charged for the year	(6)	-	-	**(6)**
Balance as at December 31, 2017	**$ (6)**	**$ -**	**$ -**	**$ (6)**
Net book value				
As at December 31, 2016	$ -	$ -	$ -	$ -
As at December 31, 2017	**$ 127**	**$ 15**	**$ -**	**$ 142**

	Buildings	Office Equipment	CIP	Total
Cost				
Balance as at December 31, 2018 and 2017	**$ 133**	**$ 15**	**$ -**	**$ 148**
Depreciation				
As at December 31, 2017	$ (6)	$ -	$ -	**$ (6)**
Charged for the year	(7)	(5)	-	**(12)**
Balance as at December 31, 2018	**$ (13)**	**$ (5)**	**$ -**	**$ (18)**
Net book value				
As at December 31, 2017	$ 127	$ 15	$ -	$ 142
As at December 31, 2018	**$ 120**	**$ 10**	**$ -**	**$ 130**

During the year ended December 31, 2017, the Company disposed of 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 an impairment recovery of $505 (COP 1,100,500,000) in the statements of loss and comprehensive loss as this plant and equipment was part of the impaired CGU in 2016.

5. EXPLORATION AND EVALUATION ASSETS

Historically, the Company has been focused on the development of the Angostura Project in northeastern Colombia.

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

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

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

During the year ended December 31, 2018

On July 6, 2018, the Company signed a binding asset purchase agreement (the "Purchase Agreement") with Sociedad Minera de Santander S.A.S. ("Minesa") to sell to Minesa the Company's interests in certain mining and land titles located near Minesa's project in the Santander Department of Colombia, along with related technical information and ancillary assets. These titles are unrelated to Eco Oro's Angostura Project and Concession 3452, which are the subject of Eco Oro's ongoing arbitration against Colombia and in relation to which Minesa has acquired no interest. Pursuant to the terms of the Purchase Agreement, Minesa will pay the Company an aggregate purchase price of US$5,000,000 upon completion of the transaction.

The transaction will be completed in different phases. Completion of the asset purchase agreement is subject to the satisfaction of certain conditions precedent. According to the Term Loan (Note 7), the Company is required to use the proceeds of US$5,000,000 to repay any outstanding amount of the Term Loan.

On November 21, 2018, the Company completed the first phase of the transfer and received from Minesa $1,328 (US$971,000), net of tax of $39 (US$29,000). A gain on disposal of $1,289 was recognized in statement loss and comprehensive loss during the year ended December 31, 2018.

As of December 31, 2018, the Company incurred $646 in professional fees in connection with the transaction. This amount was charged to statement of loss and comprehensive loss during the year ended December 31, 2018 to offset the gain of disposal.

As at December 31, 2018 and 2017, the carrying value of the exploration and evaluations assets is $1.

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

<u>Subsequent to December 31, 2018</u>

On April 1, 2019, the Company notified Colombia of its intention to renounce Concession 3452. The ANM has 30 business days to comment on Eco Oro's decision to renounce the title. If it fails to do so, the renunciation will automatically be deemed to have been accepted. Eco Oro will be required in due course to submit a plan for the closure of Concession 3452 to the local environmental authority, the Autonomous Corporation for the Defense of the Bucaramanga Plateau (in Spanish, *Corporación Autónoma para la Defensa de la Meseta de Bucaramanga* or CDMB).

6. LOANS PAYABLE

	in USD (in thousands)		in CAD	
Initial Recognition	$	3,970	$	4,823
Finance costs		78		98
Effect of movements in exchange rates		-		159
Balance as at December 31, 2017		4,048		5,080
Finance costs		341		433
Repayment		(4,389)		(5,578)
Effect of movements in exchange rates		-		65
Balance as at December 31, 2018	$	-	$	-

On September 11, 2017, the Company received a bridge loan from Trexs of $4,859 (US$4 million) (the "Bridge Loan"). The Bridge Loan accrues interest at a rate of 5% per annum. On April 20, 2018, the Company used $5,578 (US$4,389,015) of the proceeds from the Term Loan (note 7) to repay the Bridge Loan, including related interest, costs and fees, in full.

In connection with the Bridge Loan, the Company incurred issuance costs of $36. These issuance costs are recorded as a reduction of the carrying value of the Bridge Loan.

During the years ended December 31, 2018 and 2017, accretion expenses of $433 and $98, respectively, were recorded as finance costs with a corresponding increase in the carrying value of the liability.

As at December 31, 2018 and 2017, the carrying value of the Bridge Loan is $nil and $5,080 respectively.

7. SECURED TERM LOAN PAYABLE

	in USD (in thousands)		in CAD	
Initial Recognition	$	15,190	$	19,411
Loss on modification		1,296		1,705
Finance costs		2,299		3,020
Payment		(931)		(1,228)
Effect of movements in exchange rates		-		1,427
Balance as at December 31, 2018	$	17,854	$	24,335

On April 20, 2018, the Company received the Term Loan from Trexs of $19,411 (US$15.19 million). The Term Loan was funded by way of two advances, the first advance of $9,746 (US$7,668,532) was received on April 20, 2018 and the second advance of $9,665 (US$7,521,468) was received on May 1, 2018. All the Company's assets were been pledged as security for the Term Loan.
The Term Loan was initially 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 initially bore interest at a rate of 0.60% per month, such rate automatically increasing 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.

In connection with the Term Loan, the Company paid an origination fee of $176 (US$140,000), an application and processing fee of $441 (US$350,000) and legal fees of $149. In addition, the Company paid $882 (US$700,000) as a renewal option fee which grants the Company the unilateral right to extend the Maturity Date in three -month increments up to a maximum of three times, as described above. Due to the short-term nature of the Term Loan, these fees were charged to statement of loss and comprehensive loss as incurred.

On July 16, 2018, the Company provided a written notice to Trexs to extend the Maturity Date of the Term Loan from July 16, 2018 to October 16, 2018. The extension of the Maturity Date of the Term Loan has been accounted as a modification of debt pursuant to IFRS 9 Financial Instruments. As a result, a loss on modification of $1,124 has been recognized in the statement of loss and comprehensive loss during the year ended December 31, 2018 and an increase in the carrying value of the Term Loan. The premium of $1,124 is being amortized over the revised Maturity Date of the Term Loan.

On October 16, 2018, the Company provided a written notice to Trexs to further extend the Maturity Date of the Term Loan from October 16, 2018 to January 16, 2019. The extension of the Maturity Date of the Term Loan has also been accounted as a modification of debt pursuant to IFRS 9 Financial Instruments. As a result, an additional loss on modification of $581 has been recognized in the statement of loss and comprehensive loss during the year ended December 31, 2018 and increase the carrying value of the Term Loan. The premium of $581 is being amortized over the revised Maturity Date of the Term Loan.

On December 3, 2018, the Company made a payment of $1,228 (US$930,563) to Trexs.

7. SECURED TERM LOAN PAYABLE (CONTINUED)

During the year ended December 31, 2018, the Company recognized accretion of interest of $3,020 (US$2,298,510).

As at December 31, 2018, the carrying value of the Term Loan is $24,335 (US$17,854,280) which included unamortized premium of $804 (US$1,096,186).

Subsequent to December 31, 2018, the Company provided written notice to Trexs to exercise the final option to extend the Maturity Date of the Term Loan from January 16, 2019 to April 16, 2019.

On April 9, 2019, the Company used US$20,306,032 of the proceeds of the private placement (note 20) to repay the Term Loan in full.

8. AMOUNTS PAYABLE ON EXPLORATION AND EVALUATION ASSET ACQUISITION

	in COP (in thousands)		in CAD
Balance as at December 31, 2016	**2,150,000**	**$**	**963**
Effect of movements in exchange rates	-		**(58)**
Balance as at December 31, 2017	**2,150,000**	**$**	**905**
Effect of movements in exchange rates	-		**(2)**
Balance as at December 31, 2018	**2,150,000**	**$**	**903**

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 $903 (COP2,150,000,000) is reflected on the statement of financial position as of December 31, 2018 (December 31, 2017 - $905 (COP2,150,000,000)).

On July 17, 2017, the Company was served with a court-ordered claim by the vendors of Las Puentes property demanding the final two instalment payments of COP2,150,000,000 plus interest and 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. In addition, on July 25, 2017, the court ordered that a notice signaling the ongoing dispute be included on the property records.

The Company filed a request for reconsideration against the court's decision allowing the claim and against the notice of July 25, 2017, both of which were rejected by the court. On October 19, 2017, the Company filed its response to the claim. The first hearing was carried out by the Court. In this, the Court ordered the witness declaration and the expert opinion requested by Eco Oro on the property "Las Puentes". The evidentiary hearing will take place on June 7,2019 before the Court.

(Expressed in thousands of Canadian dollars unless otherwise specified)

9. SITE RESTORATION PROVISION

		December 31, 2018		December 31, 2017
Beginning of year, current and long-term	**$**	**5,182**	$	5,342
Decrease in liability due to changes in estimate		(38)		(102)
Remediation work performed		(61)		(92)
Unwinding of discount		271		368
Changes in foreign exchange rates		(14)		(334)
End of year, current and long-term	**$**	**5,340**	$	5,182
Current portion	$	173	$	607
Long-term portion		5,167		4,575
	$	**5,340**	$	5,182

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

	For the years ended	
	December 31, 2018	**December 31, 2017**
Pre-tax risk-free discount rate	5.10 - 6.54%	5.19 - 6.46%
Inflation rate	3.00 - 3.40%	3.00 - 3.90%
Years of settlement	2019-2035	2018-2035
Anticipated closure date	July 1, 2019	September 1, 2018

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

Significant estimates and assumptions are made in determining the site restoration provision as there are numerous factors that will affect the ultimate liability payable. Those uncertainties may result in future actual expenditure differing from the amount currently provided. During the years ended December 31, 2018 and 2017, there were changes in the extent of the required rehabilitation activities, timing of these activities, changes in discount rates and foreign exchange rate.

10. CONVERTIBLE NOTES

The Company's convertible notes payable balance as of December 31, 2018 and 2017, is as follows:

	(in thousands)	
	in USD	in CAD
Balance as at December 31, 2016	$ 1,229	$ 1,650
Accretion of interest	240	311
Converted to common shares	(624)	(830)
Rescinded convertible debt	624	830
Effect of movements in exchange rates	-	(118)
Balance as at December 31, 2017	1,469	1,843
Accretion of interest	287	371
Effect of movements in exchange rates	-	178
Balance as at December 31, 2018	$ 1,756	$ 2,392

On March 16, 2017, the Company converted US$4,721,258 principal amount of the 2016 Notes (the "Partial Conversion") into 10,600,000 common shares (the "Converted Shares"). As a result of the Partial Conversion, the Company reclassified the carrying value of $830 and $5,508 from convertible notes and contributions from shareholders, respectively, to share capital.

On March 27, 2017, the Concerned Shareholders filed a Notice of Application with the OSC for a ruling that the TSX erred in granting conditional approval for the issuance of the Converted Shares. The OSC released an order that, among other things, set aside the prior decision of the TSX conditionally approving the issuance of Converted Shares to certain shareholders of Eco Oro and ordered the Company to seek shareholder approval of the issuance of the Converted Shares.

On July 31, 2017, the Company entered into the Settlement Agreement with shareholders (including the Concerned Shareholders) representing approximately 66.3% of the issued and outstanding common shares of the Company entitled to vote at the 2017 AGM (Note 1). In accordance with the Settlement Agreement and upon successful completion of the transactions contemplated thereunder, the issuance of the Converted Shares would be rescinded, and the Company would reissue that portion of the 2016 Notes converted into the Converted Shares.

On October 16, 2017, the Company obtained the shareholders' approval of the Settlement Agreement. As a result of the approval, the conversion of the Partial Conversion was rescinded such that the Converted Shares issued in connection therewith were cancelled and the Company reinstated and reissued US$4,721,257 principal amount of the 2016 Notes originally converted.

As a result of the rescission of the Partial Conversion, the Company reclassified $6,338 from share capital to convertible notes ($830) and contributions from shareholders ($5,508), thereby reversing the transaction which was previously recognized at the date of the Partial Conversion.

During the years ended December 31, 2018 and 2017, accretion expense of $371 and $311, respectively, was recorded as finance cost with a corresponding increase in the carrying value of the liability.

Except for the Partial Conversion during the year ended December 31, 2017, none of the Company's convertible securities were converted during the years ended December 31, 2018 and 2017.

11. DEFICIENCY

Authorized share capital

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

Issued share capital

At December 31, 2018 and 2017, the Company had 106,524,953 common shares issued and outstanding with a value of $324,928.

During the year ended December 31, 2018, no share capital transactions ocurred.

During the year ended December 31, 2017

- On March 16, 2017, 2016 Notes with a face value of US$4,721,258 were converted into 10,600,000 common shares. These conversions were rescinded on October 16, 2017 (Notes 10).

- 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.

Reserves

Reserves 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 reserves.

Contingent value rights ("2016 CVRs")

On October 16, 2017, the Company obtained the shareholders' approval of the Settlement Agreement. Pursuant to the Settlement Agreement, (i) 17.17% of the 2016 CVRs, in aggregate, that were issued by the Company to the initial investors were purchased by the Participating Entitled Shareholders and (i) the Company issued additional 2016 CVRs to Participating Entitled Shareholders entitling them to receive 2% of the proceeds of the ICSID Arbitration Claim. The Company recorded a loss of $197 on the issuance of the additional 2016 CVRs issued in the year, determined by reference to the price paid by the Participating Entitled Shareholders for 17.17% of the 2016 CVR's.

As at December 31, 2018 and 2017, the carrying value of the 2016 CVRs is $7,525.

Subsequent to December 31, 2018, the Company amended and restated the 2016 CVRs (Note 20).

(Expressed in thousands of Canadian dollars unless otherwise specified)

11. DEFICIENCY (CONTINUED)

Stock option plan

The Company has a share option plan that allows it to grant options to its employees, officers, directors and consultants. A fixed maximum of 10% of the common shares issued may be granted. The exercise price of each option shall not be less than the closing market price for the common shares on the trading day prior to the date of the grant. Options may have a maximum term of ten years. Vesting conditions of options is at the discretion of the Board of Directors at the time the options are granted.

The Plan also provides for a cashless exercise option provision which is, in substance, a stock appreciation right and for which the stock options can only be equity-settled. When share capital recognized as equity is repurchased as a result of the cashless option, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from deficit.

The changes in options during the years ended December 31, 2018 and 2017 are as follows:

	December 31, 2018			December 31, 2017		
	Number outstanding		Weighted average exercise price	Number outstanding		Weighted average exercise price
Outstanding, beginning of year	**3,502,000**	**$**	**0.51**	**2,656,500**	**$**	**0.59**
Granted	-		-	3,630,000		0.49
Exercised [(1)]	-		-	(457,000)		0.29
Expired	(370,000)		0.70	(177,500)		2.09
Forfeited	-		-	(2,150,000)		0.49
Outstanding, end of year	**3,132,000**	**$**	**0.49**	**3,502,000**	**$**	**0.51**

(1) Exercised on a cashless basis.

<u>During the year ended December 31, 2018</u>

- 370,000 options expired unexercised.

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

- 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.

(Expressed in thousands of Canadian dollars unless otherwise specified)

11. DEFICIENCY (CONTINUED)

Stock option plan (continued)

During the year ended December 31, 2017 (continued)

- 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.

- Pursuant to the Settlement Agreement approved on October 16, 2017, 2,150,000 options issued to the Company's officers and directors during the year ended December 31, 2017 were rescinded for no consideration.

  No share-based payments were recognized for the 2,150,000 rescinded options.

- 177,500 options expired unexercised.

During the years ended December 31, 2018 and 2017, share-based payments of $154 and $375, respectively, was recorded in connection with stock options vested during the period.

The following summarizes information about stock options outstanding and exercisable at December 31, 2018:

Grante date	Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (in years)
June 2, 2014	June 1, 2019	580,000	580,000	$ 0.275	0.42
September 2, 2015	September 2, 2020	872,000	872,000	$ 0.500	1.67
October 7, 2015	October 7, 2020	200,000	200,000	$ 0.630	1.77
May 8, 2017	May 8, 2022	1,480,000	986,667	$ 0.485	3.35
		3,132,000	**2,638,667**		**2.24**

12. FINANCE COST

	December 31, 2018	December 31, 2017
Interest on convertible notes (note 10)	**$ 371**	$ 311
Interest on loan payable (note 6)	**433**	98
Interest on secured lterm loan payable (note 7)	**3,020**	-
Finance costs on secured term loan payable (note 7)	**1,648**	-
Others	**12**	24
	$ 5,484	$ 433

(Expressed in thousands of Canadian dollars unless otherwise specified)

13. SUPPLEMENTARY CASH FLOW INFORMATION

Change in non-cash working capital

	For the years ended	
	December 31, 2018	December 31, 2017
Accounts receivable	**$ 25**	$ (29)
Prepaid expenses and deposits	**(218)**	(167)
Trade and other payables	**(1,059)**	3,005
Long-term employee benefits	**1**	(6)
	$ (1,251)	$ 2,803

Others

	For the years ended	
	December 31, 2018	December 31, 2017
Reclassification of grant-date fair value on exercised options	**$ -**	$ 93

14. RELATED PARTIES

Subsidiaries

	Ownership interest at	
	December 31, 2018	December 31, 2017
Eco Oro S.A.S	**100%**	100%

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, 2018	December 31, 2017
Short-term benefits	**$ 1,119**	$ 1,060
Share-based payments	**-**	9
	$ 1,119	$ 1,069

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.

(Expressed in thousands of Canadian dollars unless otherwise specified)

14. RELATED PARTIES (CONTINUED)

Key management personnel (continued)

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.

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 years ended	
	December 31, 2018	December 31, 2017
Fintec Holdings Corp. ("Fintec")		
Management fees	**$ 494**	$ 271
Quantum Advisory Partners LLP ("Quantum")		
Management and accounting services	**$ 329**	$ 314
Trexs Investments, LLC ("Trexs")		
Finance costs	**$ 4,111**	$ -
Canopy Capital Ltd. ("Canopy")		
Directors' fees	**$ 98**	$ -
Croftcap Inc. ("Croftcap")		
Directors' fees	**$ 98**	$ -

Except for the finance cost paid or payable to Trexs, the above are included within short-term benefits.

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.

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.

Trexs is an entity managed by Tenor Capital Management Company, L.P. ("Tenor") in which the Company's current director, David Kay, owns an interest.

Canopy is a company owned by the Company's current director, Courtenay Wolfe. The services provided by Canopy were in the normal course of operations relating to director and management fees.

(Expressed in thousands of Canadian dollars unless otherwise specified)

14. RELATED PARTIES (CONTINUED)

Transactions and balances (continued)

Croftcap is a company owned by the Company's current director, Peter McRae. The services provided by Croftcap were in the normal course of operations relating to director and management fees.

As of December 31, 2018, and 2017, 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, 2018	December 31, 2017
Trade and other payables	**$ 110**	$ 194
Loan payable	**-**	5,080
Secured term loan	**24,335**	-
Convertible notes	**9,584**	8,825
	$ 34,029	$ 14,099

15. COMMITMENTS AND CONTINGENCIES

Commitments

The following is a schedule of the Company's commitments as at December 31, 2018:

	Total	**2019**	**2020**	**2021**	**2022**	**2024 and thereafter**
Site restoration provision (1)	$ 7,140	$ 179	$ 2,455	$ 1,487	$ 917	$ 2,102
Secured loan (1) (2)	27,975	27,975	-	-	-	-
Convertible notes (1)	13,184	-	-	-	-	13,184

(1) Represents the undiscounted cash flow.
(2) The secured loan was fully paid subsequent to December 31, 2018 (Note 20).

Management Incentive Plan

During the year ended December 31, 2017, the Company implemented a management incentive plan (the "MIP") to incentivize certain key personnel toward the effective prosecution and collection of the Company's arbitration claim against Colombia under the Canada-Colombia Free Trade Agreement. Implementation of a management incentive plan was a requirement under the terms of the Investment.

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.

15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Management Incentive Plan (continued)

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 Arbitration Claim 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 Claim and the time dedicated by each participant to the Arbitration proceedings. No member of the Committee is currently a participant under the MIP.

Contingencies

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.

15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies (continued)

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. On July 8, 2018, the Company executed a transaction agreement with SMLP, thereby reaching an amicable resolution to the dispute.

Other

The Company is from time to time involved in various claims, legal proceedings and complaints arising in the ordinary course of business. Other than disclosed herein, 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.

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 were declared a "Project of National Interest" in 2011 and 2013.

15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Uncertainties (continued)

Páramo ecosystem boundaries (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 Vetas 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). 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, to be unconstitutional.

On March 7, 2016, the Company announced that it had formally notified the Government of Colombia 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 Colombia's measures and omissions, which have adversely impacted the rights granted to Eco Oro to explore and exploit its Angostura Project.

Following the notification of the dispute to the Government, the Company was 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. 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.

15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Uncertainties (continued)

Páramo ecosystem boundaries (continued)

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. The ANM's responses, however, have not provided clarity. 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 Colombian Ministry of Environment has since been granted an eight-month extension to the deadline for carrying ou the new delimitation of the Santurbán Páramo, until July 2019.

The Court noted that the new delimitation cannot provide a lesser degree of protection to the Santurbán Páramo than the original delimitation. There is therefore a risk that the new delimitation and future decisions of the Colombian authorities will further reduce the area of Concession 3452 accessible for mining activities.

As a consequence of these uncertainties, the relevant environmental authorities informed the Company that the Angostura project could not 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.

On March 19, 2018, the Company filed its Memorial on the Merits in the ICSID Arbitration Claim. On June 28, 2018, the Tribunal issued its Decision on Bifurcation, rejecting Colombia's application to bifurcate the proceeding into separate jurisdictional and merits phases. On December 24, 2018, Colombia filed its Counter-Memorial and Memorial on Jurisdiction. The Company is seeking US$696 million plus interest in the sum of US$68 million as compensation for damages the Company sustained as a result of Colombia's measures. The Company has not recorded any amount in the financial statements as a contingent gain due to the ultimate uncertainty of the outcome.

Tax reassessment

Subsequent to December 31, 2018, the Company received notice from Colombia's tax administration (the DIAN) of a tax reassessment relating to the tax year 2014. The Company is currently reviewing this reassessment and determining its options for responding to this reassessment.

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.

(Expressed in thousands of Canadian dollars unless otherwise specified)

17. 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 December 31, 2018, the Company considers deficiency 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.

18. FINANCIAL INSTRUMENTS

Fair value

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

	December 31, 2018		December 31, 2017	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Amortized cost				
Cash	**$ 1,651**	**$ 1,651**	$ 2,124	$ 2,124
Accounts receivable	**41**	**41**	66	66
	$ 1,692	**$ 1,692**	$ 2,190	$ 2,190
Financial liabilities:				
Amortized cost				
Trade and other payables	**$ 5,072**	**$ 5,072**	$ 6,137	$ 6,137
Loans payable	**-**	**-**	5,080	5,080
Secured term loan payable	**24,335**	**24,335**	-	-
Amounts payable on exploration and evaluation asset acquisition	**903**	**903**	905	905
Convertible notes	**2,392**	**2,392**	1,843	1,843
	$ 32,702	**$ 32,702**	$ 13,965	$ 13,965

18. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable (supported by little or no market activity) prices.

As at December 31, 2018, 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 1, 2 and 3 in the fair value hierarchy above.

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, accounts receivable, trade and other payables, loans payable, amounts payable on exploration and evaluation asset acquisition, and convertible notes. The Company currently does not have any financial instruments that are significantly impacted by commodity price risk.

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, accounts receivable, trade and other payables, loan payable, amounts payable on exploration and evaluation asset acquisition, secured term loan payable and convertible notes are held in CAD, USD and COP; therefore, USD and COP accounts are subject to fluctuation against the Canadian dollar.

18. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk (continued)

Currency risk

The Company had the following balances as at December 31, 2018:

	in CAD (in thousands)	in USD (in thousands)	in COP (in thousands)
Cash	12	507	2,257,443
Accounts receivable	28	-	30,692
Trade and other payables	(210)	(3,011)	(1,806,390)
Secured term loan payable	-	(17,854)	-
Amounts payable on exploration and evaluation asset acquisition	-	-	(2,150,000)
Convertible notes	-	(1,756)	-
Total	**(170)**	**(22,114)**	**(1,668,255)**
Foreign currency rate	1.000	1.3630	0.0004
Equivalent to Canadian dollars	**$ (170)**	**$ (30,142)**	**$ (701)**

Based on the above net exposures as at December 31, 2018, 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 comprehensive loss by $3,000.

The Company had the following balances as at December 31, 2017:

	in CAD (in thousands)	in USD (in thousands)	in COP (in thousands)
Cash	49	1,558	285,400
Accounts receivable	53	-	30,732
Trade and other payables	(1,834)	(2,868)	(1,663,387)
Loan payable	-	(4,048)	-
Amounts payable on exploration and evaluation asset acquisition	-	-	(2,150,000)
Convertible notes	-	(1,469)	-
Total	**(1,732)**	**(6,827)**	**(3,497,255)**
Foreign currency rate	1.000	1.2551	0.0004
Equivalent to Canadian dollars	**$ (1,732)**	**$ (8,568)**	**$ (1,471)**

Based on the above net exposures as at December 31, 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 comprehensive loss by $1,004.

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.

18. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash earns 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 $1,651 as at December 31, 2018 (December 31, 2017 – $2,124), an increase or decrease in the annual interest rate of 1% would result in a corresponding increase or decrease of annual interest income by $17 (December 31, 2017 – $21).

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

Credit risk

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

The Company's cash is held through large Canadian financial institutions.

The total cash and accounts receivable represent the maximum credit exposure. The Company limits its credit risk exposure by holding cash 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.

As at December 31, 2018, all of the Company's other financial liabilities except for the convertible notes have maturities less than one year. As at December 31, 2018, the Company had cash of $1,651 in order to meet short-term operating needs.

(Expressed in thousands of Canadian dollars unless otherwise specified)

19. INCOME TAX

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

		2018		2017
Loss for the year	$	(19,324)	$	(25,158)
Expected income tax (recovery)	$	(5,217)	$	(6,541)
Permanent Differences		258		161
Change in statutory rates		(159)		2,833
Adjustment to prior years provision versus statutory tax returns		(2,652)		-
Change in unrecognized deductible temporary differences and other		7,770		3,547
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		2018		2017
Deferred Tax Assets (liabilities)				
Exploration and evaluation assets	$	78,371	$	75,033
Property and equipment		1,665		1,544
Share issue costs		1,868		200
Asset retirement obligation		1,442		1,399
Convertible notes		(2,856)		(3,004)
Non-capital losses		24,625		22,172
	$	105,115	$	97,344
Unrecognized deferred tax assets		(105,115)		(97,344)
Net deferred tax assets	**$**	**-**	**$**	**-**

(Expressed in thousands of Canadian dollars unless otherwise specified)

19. INCOME TAX (CONTINUED)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2018	Expiry Date Range		2017	Expiry Date Range
Temporary Differences						
Exploration and evaluation assets	$	29,0264	No expiry date	$	277,899	No expiry date
Property and equipment		6,167	No expiry date		5,720	No expiry date
Share issue costs		1,536	2039 to 2042		326	2038 to 2040
Asset retirement obligation		5,340	No expiry date		5,182	No expiry date
Convertible debts		(10,577)	No expiry date		(11,126)	No expiry date
Allowable capital losses		458	No expiry date		186	No expiry date
Loan payable		4,924	No expiry date		227	No expiry date
Non-capital losses available for future periods		91,203	2026 to 2038		82,120	2026 to 2037

20. SUBSEQUENT EVENTS

- On January 16, 2019, the Company provided a written notice to Trexs to extend the Maturity Date of the Term Loan from January 16, 2019 to April 16, 2019 (Note 7).

- On February 26, 2019, the Company entered into an investment and backstop agreement with Trexs (the "Investment Agreement"), pursuant to which Trexs and eligible holders of 2016 CVRs are entitled to participate in a private placement (the "2019 Private Placement") for aggregate gross proceeds of up to US$35,000,000. The 2019 Private Placement consists of two tranches:

  1) a "First Tranche" for aggregate proceeds of US$28,000,000, consisting of (i) US$13,000,000 of contingent value rights certificates (the "2019 CVRs" and, together with the 2016 CVRs, the "CVRs") and (ii) US$15,000,000 of unsecured 0.025% interest-bearing promissory notes due June 30, 2028 (the "2019 Notes"); and

  2) 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 2019 Notes and the 2016 Notes, the "Notes").

  The First Tranche will be completed in two stages, a US$22,596,311 initial subscription (the "Initial Subscription") that completed on April 9, 2019 and a US$5,403,689 supplemental subscription (the "Supplemental Subscription") that is expected to complete in May 2019. On completion of the Initial Subscription, the Company issued an aggregate of US$10,491,144 of contingent value right certificates (the "2019 CVRs") and US$12,105,167 of unsecured 0.025% interest-bearing promissory notes due June 30, 2028 (the "2019 Notes"). On completion of the Supplemental Subscription, the Company will issue an aggregate of US$2,508,856 of 2019 CVRs and US$2,894,833 of 2019 Notes. The Second Tranche will be drawn as and when additional capital is required.

20. SUBSEQUENT EVENTS (CONTINUED)

Concurrent with the completion of the Initial Subscription, the Company amended and restated the 2016 CVRs. Following completion of the 2019 Private Placement, any proceeds from the ICSID Arbitration Claim (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):

1. in full repayment of any accrued and unpaid default interest, fees, expenses or indemnity obligations in respect of the CVRs and the Notes;

2. in full repayment of all obligations, liabilities and indebtedness (including all principal, interest, fees and other amounts) under the Notes;

3. 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;

4. to the Company, US$30,000,000 which may be used for, among other things, distributions to holders of common shares;

5. 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

6. to the Company, the balance which may be used for, among other things, distributions to holders of common shares.

Closing of 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.

- The Company used US$20,306,032 of the proceeds from the Initial Subscription to repay the Term Loan in full, including related interest.

- On April 1, 2019, the Company notified the Republic of Colombia of its intention to renounce Concession 3452 (Note 5).