ECO ORO MINERALS CORP.

Management's Discussion and Analysis

December 31, 2018

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INTRODUCTION

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Eco Oro Minerals Corp. ("Eco Oro", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the consolidated financial statements and notes thereto prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended December 31, 2018. This MD&A should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2018, which are available on the SEDAR website at www.sedar.com.

This MD&A is prepared as of April 26, 2019. All dollar amounts in this MD&A are expressed in thousands of Canadian dollars, unless otherwise specified. United States dollars and Colombian pesos are referred to as "US$" and "COP," respectively.

OVERVIEW

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

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

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

HIGHLIGHTS

- On April 20, 2018, the Company entered into a loan agreement with Trexs Investments LLC ("Trexs") for a secured term of $19,411 (US$15.19 million) (the "Term Loan"). The Term Loan was funded by way of two advances, the first advance, of $9,746,029 (US$7,668,532), was received on April 20, 2018 and the second advance, of $9,665,154 (US$7,521,468), was received on May 1, 2018. The Company used $5,578 (US$4,389,015) of the proceeds from the Term Loan to repay all outstanding obligations (including interest, costs and fees) under a bridge loan from Trexs.

- 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 and technical information and ancillary assets relating to the mining licenses (the "Santander Assets"). 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 asset purchase agreement. 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. Completion of the asset purchase agreement is subject to the satisfaction of certain conditions precedent.

- 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.

- 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.

- On November 21, 2018, the Company completed the first phase of the transfer of the Santander Assets and received $1,328 (US$971,000), net of tax of $39 (US$29,000), from Minesa.

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

- On January 16, 2019, the Company provided a written notice to Trexs to further extend the maturity date of the Term Loan from January 16, 2019 to April 16, 2019.

- On February 26, 2019, the Company entered into an investment and backstop agreement with Trexs (the "Investment Agreement"), pursuant to which Trexs and other eligible holders of outstanding contingent value rights (the "2016 CVRs") are entitled to participate in a private placement for aggregate gross proceeds of up to US$35,000,000 (the "2019 Private Placement"). 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 $9,672,727.30 of existing unsecured 0.025% interest-bearing notes due June 30, 2028, 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 (see below) and a UD$5,403,689 supplemental subscription (the "Supplemental Subscription") that is expected to complete in May 2019. The Second Tranche will be drawn as and when additional capital is required.

- On April 1, 2019, the Company notified Colombia of its intention to renounce Concession 3452. The Colombian National Mining Agency ("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 (the "CDMB").

- On April 9, 2019, the Company completed the Initial Subscription. On completion of the Initial Subscription, the Company issued an aggregate of US$10,491,144 of 2019 CVRs and US$12,105,167 of 2019 Notes, for aggregate gross proceeds of approximately US$22,596,311. The Company used US$20,306,032 of the proceeds from the 2019 Private Placement to repay all outstanding principal and interest under the Term Loan.

- 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 (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.

ICSID ARBITRATION

Status of the ICSID Arbitration

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

On December 8, 2016, Eco Oro filed the Request for Arbitration against Colombia with ICSID. The claim relates to Colombia's measures which have deprived Eco Oro of its rights under its main mining title, Concession 3452, comprising the Angostura gold and silver deposit, thereby depriving Eco Oro of the returns that would have resulted from its investment in the development of the Angostura Project, and destroying the value of its investment, in violation of Colombia's obligations under the Free Trade Agreement.

On December 29, 2016, ICSID registered the Request for Arbitration. The three-member tribunal for the ICSID Arbitration ("Tribunal") was constituted on September 11, 2017. The first procedural hearing was held on November 21, 2017, following which the procedural calendar for the ICSID Arbitration was issued on November 30, 2017. The arbitration procedure will consist of a written phase, during which parties submit one or more pleadings and accompanying evidence, and an oral phase that will consist of one or more hearings during which the parties will present their case and examine any witnesses and experts. Following the closure of proceedings, the Tribunal will deliberate and issue a written award, which will be final and binding, and subject only to the limited post-award remedies set out in the ICSID Convention. In accordance with the procedure established by the Tribunal, Eco Oro filed its Memorial on the Merits on March 19, 2018 and 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.

Background to the Dispute

Eco Oro was one of the first foreign mining companies to invest in Colombia's gold mining sector. Since the mid-1990s, Eco Oro has invested hundreds of millions of dollars to develop the Angostura Project. Eco Oro made these investments in reliance on Colombia's commitments in its mining titles, including Concession 3452, which was stabilized pursuant to Colombia's 2001 Mining Code. Colombia made repeated assurances of support for Eco Oro's Angostura Project, even declaring it to be a "project of national interest" in 2011 and again in 2013.

Despite these commitments and assurances, Colombia, through the ANM issued a decision in August 2016 depriving Eco Oro of its mining rights in respect of 50.73% of the Concession area that falls within the preservation zone of the Santurbán Páramo, established in Ministry of Environment Resolution 2090 of December 2014 ("Resolution 2090"). This decision was made on the basis of an earlier decision rendered by the Colombian Constitutional Court in February 2016. The ANM's decision came five months after Eco Oro formally notified Colombia, on March 7, 2016, of its intent to submit to arbitration a dispute arising under the Free Trade Agreement. The ANM has since indicated through a series of inconsistent decisions that Eco Oro may also be prohibited from carrying out mining activities within the "restoration" zone of the Santurbán Páramo. Eco Oro has sought clarification from the ANM on the various inconsistent communications and decisions from the ANM in this regard. The ANM's responses, however, have not provided clarity. A further decision of the Colombian Constitutional Court was rendered in November 2017, which struck down Resolution 2090, together with the delimitation of the Santurbán Páramo contained therein, as unconstitutional. The Court suspended its declaration of unconstitutionality for twelve months so the Colombian Government can carry out a new delimitation of the Santurbán Páramo. The Court ordered the Ministry of Environment to adopt a broad, participative, effective and deliberative procedure when undertaking the new delimitation. The Colombian Ministry of Environment has since been granted an eight-month extension to the deadline for carrying out 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.

The exploration phase of Concession 3452 expired in August 2018. To begin the construction phase, Eco Oro must submit a mine plan to the ANM and carry out the environmental licensing process for the project, which is currently not possible due to the circumstances discussed below in the "Project permitting status and legal challenges" section. At the behest of the ANM, Eco Oro requested, and was granted, an extension to complete these requirements. A subsequent request by Eco Oro for an additional extension was denied by the ANM. On April 1, 2019, the Company notified Colombia of its intention to renounce Concession 3452 in order to mitigate its losses. 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 CDMB.

Colombia's measures have rendered the Angostura Project unviable. These measures have not only deprived Eco Oro of the value of the investments that it has already made, but also of the returns that would have resulted from Eco Oro's investment of hundreds of millions of dollars over the past two decades in reliance upon commitments from Colombia. Eco Oro is therefore asserting its entitlement to recover the losses to its investment resulting from Colombia's breaches, amounting to US$696 million plus interest in the sum of US$68 million.

Impairment of Project Assets

In 2016, the Company assessed the Angostura Project for asset impairment based on the guidance in IAS 36 Impairment of Assets. Eco Oro was deprived of its rights in relation to the majority of the area of Concession 3452. Moreover, the regional environmental authority informed the Company that, in light of the legal uncertainties regarding the regulatory framework applicable to the Angostura Project, it was unable to process a request for or grant an environmental license. In light of these facts, as well as the Company's failure to reach an amicable settlement of the dispute that would enable it to exercise the rights that were granted to it under Concession 3452 and develop the Angostura Project, the Company recorded a non-cash write-down of $24,574 relating to all mineral property and $1,620 of its plant and equipment located in Colombia during the 2016 financial year (the "Impairment"). The Impairment was based on international accounting standards, and thus without prejudice to the legal qualification that Colombia's measures may be given under Colombian or international law (including the Free Trade Agreement). Given the nature of the assessed impairment indicators that have given rise to the Impairment, there is significant uncertainty over whether it will be appropriate to capitalize future expenditures that the Company may incur in preserving its assets in Colombia.

PROJECT PERMITTING STATUS AND LEGAL CHALLENGES

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

Background

The Company's Angostura Project in the Department of Santander, Colombia, is located approximately 400 km northeast of the capital city of Bogotá. The Angostura Project consists of two main deposits: the Angostura and Móngora deposits. Of the two, the Angostura deposit is significantly larger and the central focus of the Angostura Project. The Móngora deposit is ancillary to the Angostura deposit.

Mining Title

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

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

The Company was subsequently notified on August 8, 2016 of a decision from the ANM by way of Resolution VSC 829 dated August 2, 2016 (the "ANM Resolution"). The ANM Resolution deprived the Company of its mining rights in respect of 50.73% of the Concession that falls within the preservation zone of the Santurbán Páramo which was established pursuant to Ministry of Environment Resolution 2090. In support of this position, the ANM Resolution cited a decision of the Colombian Constitutional Court rendered on February 8, 2016 (the "Constitutional Court Decision"), which struck down exceptions to the restrictions on mining in the Santurbán Páramo that were applicable to Eco Oro.

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

The ANM has since indicated through a series of inconsistent decisions that Eco Oro may also be prohibited from carrying out mining activities within the "restoration" zone of the Santurbán Páramo. As noted above, Eco Oro has yet to obtain clarification in this regard. A further decision of the Colombian Constitutional Court published in November 2017 declared the delimitation of the Santurbán Páramo under Resolution 2090 to be unconstitutional. The Court suspended its declaration of unconstitutionality for twelve months so the Colombian Government can carry out a new delimitation of the Santurbán Páramo. The Court ordered the Ministry of Environment to adopt a broad, participative, effective and deliberative procedure when undertaking the new delimitation. The Court noted that the new delimitation cannot provide a lesser degree of protection to the Santurbán Páramo than the original delimitation. 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. The Colombian Ministry of Environment has since been granted an eight-month extension to the deadline for carrying out the new delimitation of the Santurbán Páramo, until July 2019.

Regional Park

In a process separate from the determination of the boundaries of Santurbán Páramo, the Autonomous Regional Corporation for the CDMB was considering the boundaries of a proposed regional park to protect the Santurbán Páramo, among other ecosystems. In January 2013, the coordinates of the Regional Park of Santurbán (the "Park") were approved by the CDMB. The Company's assessment at the time indicated that the officially-declared Park boundaries did not impede development of the Angostura Project. Indeed, the ANM did not alter Eco Oro's mining titles and concessions as a result of the creation of that Park.

However, as noted above, the August 2016 ANM Resolution has deprived the Company of its mining rights in respect of 50.73% of the Concession area that falls within the preservation zone of the Santurbán Páramo as established by Ministry of Environment Resolution 2090 of December 2014, and there is a risk that Eco Oro's rights may suffer further encroachments, as discussed above.

Permitting

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

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

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

Additionally, as noted above, the exploration phase of Concession 3452 expired in August 2018, by which time Eco Oro was required to have submitted a mine plan to the ANM and completed the environmental licensing process for the project in order to proceed to the construction phase. At the behest of the ANM, Eco Oro requested and was granted an extension to carry out these requirements. Eco Oro's subsequent request for an additional extension was denied by the ANM.

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 CDMB.

Other Developments

In May 2012, the Company applied to the ANM for a two-year extension to its exploration phase of concession 3452. The ANM granted the extension but required the Company to temporarily suspend mining activities in the areas deemed to constitute páramo according to the Atlas of Páramo issued by Von Humboldt Institute until the boundaries of the Santurbán Páramo ecosystem had been determined. In July 2013, the Company filed before the ANM a request to suspend exploration activities in all the area of Concession 3452 until the boundaries of the Santurbán Páramo had been determined. In December 2013, the ANM issued Resolution 001024, allowing the requested suspension for a 6-month term, from July 1, 2013 until December 31, 2013, clarifying that the suspension would be lifted if the boundaries were determined before the expiration of the term. In May 2014, the Company applied to the ANM for a further 2-year extension to its exploration phase of Concession 3452. In August 2014, the Company received notice from the ANM that the extension was granted. The Company filed two subsequent requests to suspend its exploration activities, which were both granted by the ANM. The suspensions of activities were finally lifted upon the issuance of Resolution 2090 of December 2014 that provided the coordinates of the Santurbán Páramo. Resolution 2090 provides that no new mining concession contracts may be executed and no environmental licenses may be issued for mining activities in the Santurbán Páramo. However, mining activities carried out under concession contracts and mining titles with environmental licenses or equivalent environmental management and control instruments granted prior to February 9, 2010 that are within the Santurbán Páramo may continue to be carried out until their termination, without extension, subject to strict supervision by mining and environmental authorities. Resolution 2090 also provides that mining may take place within the "restoration zones" of the Santurbán Páramo located in the traditional mining municipalities of Vetas, California and Suratá, subject to strict environmental controls. Pursuant to Law 1753, 2015, known as the "National Development Plan" mining activities are restricted in páramo ecosystems, although, as under Resolution 2090, certain exceptions apply to Eco Oro's Angostura Project.

On February 9, 2016, the Company announced that the Colombian Constitutional Court had issued Communication No. 4 of 2016 dated February 8, 2016, which indicated that certain provisions of the National Development Plan are unconstitutional. The Court subsequently formally issued ruling C-035 of 2016 (also dated February 8, 2016). Pursuant to this ruling, among other things, the provisions of the National Development Plan that set out certain exceptions to the restrictions on mining in páramo ecosystems were declared unconstitutional. In addition, although the Court endorsed the concept of projects of national interest and the creation of a national system to handle them due to their importance, it declared the provisions of the National Development Plan that provided that the ANLA would have exclusive authority for licensing such projects, regardless of the size of the project, unconstitutional.

As discussed above, in May 2016, the Company applied to the ANM for a further two-year extension to the exploration phase of concession 3452. On August 8, 2016, Eco Oro received a decision from the ANM rendered on August 2, 2016 through ANM Resolution VSC 829 which granted an extension of the exploration phase for Concession 3452, only for the areas that fall outside the "preservation zone" of the Santurbán Páramo established in Resolution 2090, which corresponds to 50.73% of the concession area. In Resolution VSC 829, the ANM cited the February 8, 2016 decision of the Colombian Constitutional Court as the basis for its decision. Consequently, the resources located in the preservation zone of the Santurbán Páramo are no longer accessible for development and extraction. More recently, the ANM has indicated that Eco Oro may also be prohibited from carrying out mining activities within the "restoration" zone of the Santurbán Páramo. As noted above, Eco Oro has yet to obtain clarification in this regard.

In addition, the Company was notified that a lawsuit (Acción de Tutela) had been filed before the Constitutional Court against the Ministry of Environment and Sustainable Development (Ministerio de Ambiente y Desarrollo Sostenible) that seeks to strike down Resolution 2090. On November 6, 2017, a Colombian news outlet published an article that purported to reproduce the full text of a leaked decision of the Colombian Constitutional Court responding to the lawsuit. Four days later, on November 10, 2017, the decision was published on the website of the Constitutional Court itself. The decision was dated May 30, 2017, however no explanation was provided as to why the Court had waited six months to publish it. This 2017 Constitutional Court decision struck down Resolution 2090 on the basis that, inter alia, in delimiting the Santurbán Páramo, the Minister of Environment failed to consult adequately with all parties potentially affected by the delimitation and failed to allow them to participate meaningfully in the delimitation process. The Constitutional Court suspended the effects of its decision for a period of twelve months so that the Ministry of Environment could carry out a new delimitation of the Santurbán Páramo on the basis of a broad, participative, effective and deliberative procedure, based on community consultation. The Court also noted that the new delimitation must not provide a lesser degree of protection to the páramo than the original delimitation. The Colombian Ministry of Environment has since been granted an eight-month extension to the deadline for carrying out the new delimitation of the Santurbán Páramo, until July 2019.

On October 24, 2017, the Company was notified by the ANM that the ANM had decided to approve a mine plan filed by Minesa, a Colombian gold mining company with a project neighbouring Eco Oro's Angostura Project. Minesa's mine plan contemplates the construction of two tunnels underneath part of Eco Oro's Concession 3452. On November 8, 2017, Eco Oro filed an administrative appeal against the approval of Minesa's mine plan. Eco Oro has since received confirmation that its appeal has been unsuccessful.

La Plata

In February 2012, the Company received notice that Sociedad Minera La Plata Ltda. ("SMLPL") was initiating an arbitration pursuant to the arbitration clause contained in the mining title assignment agreement (the "La Plata Assignment Agreement") pursuant to which the Company acquired its La Plata property from SMLPL. An arbitration panel was constituted and there were ten hearings between December 2012 and July 2013. The arbitration panel rendered its decision in September 2013 finding that the two year statute of limitations applied to the La Plata Assignment Agreement and the first of three subordinate partial assignment agreements, in respect of 25% of the property, and found in favour of the Company in that regard. However, the arbitration panel found that the statute of limitations did not apply to the second and third subordinate partial assignment agreements (the "Annulled Agreements"), in respect of 75% of the property, and declared a relative nullity in respect of these agreements with respect to the amounts greater than 500,000 Colombian pesos. The panel ordered SMLPL to pay the Company 1,677,500,686 Colombian pesos (plus interest and indexation), which relates to the amount paid to SMLPL by the Company under each of the Annulled Agreements (less 500,000 Colombian pesos X 2), within thirty days of the decision becoming final.

The arbitration panel recognized in its decision that it lacked the power to order the relevant Colombian authorities to annul the administrative acts relating to the property and related environmental management plan registered in the name of the Company. The La Plata property and related environmental management plan remain in the name of the Company. In October 2013, the Company filed with the Judicial District Tribunal Superior Court of Bucaramanga a motion for annulment of the arbitration panels' decision on the basis, among other things, that: the arbitration tribunal lacked jurisdiction to rule on the subordinate partial assignment agreements as they did not contain arbitration clauses; and the statute of limitations should have been applied to the Annulled Agreements as they were subordinate to the La Plata Assignment Agreement. In February 2014, the Company was notified of the decision rendered by the Judicial District Tribunal Superior Court with respect to the motion for annulment and the Company was not successful. In August 2014, the Company filed with the Supreme Court an action (Acción de Tutela or "Tutela Action") seeking the revocation of the decisions of the arbitration panel and Judicial District Tribunal Superior Court. In September 2014, the Company was notified of the decision rendered by the Supreme Court in the Tutela Action and the Company was not successful. This decision was appealed to the Supreme Court and, in November 2014, the Company was notified of the decision rendered by the Supreme Court in the appeal and the Company was not successful. To date, the ANM has rejected SMLPL's request to register the decision of the arbitration panel and cancel registration of the Annulled Agreements and, as such, the Company remains the registered owner of the entire La Plata property. On July 21, 2015, the Company received notice that SMLPL had filed a Tutela Action with the Tenth Criminal Circuit Court of Bucaramanga seeking an order that the ANM register the arbitration decision and its 75% interest in the La Plata property. On August 4, 2015, the Company was notified of the decision rendered by the Court that SMLPL was not successful and the Tutela Action was dismissed. As the La Plata Assignment Agreement (and the first of three subordinate partial assignment agreements) remains valid, if necessary, the Company may commence a legal action against SMLPL to require SMLPL to comply with its obligations thereunder, including the obligation to legally assign the remaining portion of the La Plata property, which was the subject of the Annulled Agreements, to the Company. On July 8, 2018, the Company executed a transaction agreement with SMLP, thereby reaching an amicable resolution to the dispute.

(Expressed in thousands of Canadian dollars unless otherwise specified)

OUTLOOK

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

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

- to advance the ICSID Arbitration and, in due course, prepare and file its Reply Memorial and Rejoinder on Jurisdiction;
- to continue to assess the Company's activities, including monetization of certain of the Company's assets (including the potential disposition of assets, plant and equipment acquired for the Project) and cost reduction to support the preservation of its core assets and rights, in an effort to mitigate losses;
- to carefully manage its cash resources;
- to continue to assess the Company's mining titles and related ongoing regulatory requirements;
- the protection of its rights and interests in Colombia; and
- to prepare and implement a plan for the closure of Concession 3452; and
- to seek additional financing for the Company's operations.

RESULTS OF OPERATIONS

Selected Financial Information

As at:	December 31, 2018	December 31, 2017	December 31, 2016
Total assets	$ 2,295	$ 2,591	$ 18,751
Total long-term liabilities	7,568	6,426	6,601
For the years ended:	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Loss and comprehensive loss	$ 19,346	$ 24,738	$ 37,147
Basic and diluted loss per share	0.18	0.24	0.37

The decrease in total assets as of December 31, 2018 when compared to December 31, 2017 is mainly due to the cash used in operating activities and the partial repayment of the Term Loan. This decrease is partially offset by the issuance of the Term Loan during the year ended December 31, 2018 which increase the total liabilities as of December 31, 2018 when compared to December 31, 2017. The decline in total assets as of December 31, 2017 when compared to December 31, 2016 is mainly due to a significant reduction in cash relating to ongoing administrative costs and professional and legal fees incurred to maintain and respond to multiple legal proceedings in multiple jurisdictions in connection with a settlement agreement the Company entered into on July 31, 2017.

The Company has no operating revenue and relies primarily on equity financing to fund its activities. There have been no distributions or cash dividends declared for the periods presented.

(Expressed in thousands of Canadian dollars unless otherwise specified)

Summary of Quarterly Results

	Three months ended			
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Exploration and evaluation expenditures	$ 888	$ 988	$ 666	$ 845
General and administrative expenses	912	1,102	1,904	3,735
Other items	3,245	1,712	3,051	276
Net loss for the period	5,045	3,802	5,621	4,856
Basic and diluted loss per share	0.05	0.04	0.05	0.04

	Three months ended			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Exploration and evaluation expenditures	$ 761	$ 549	$ 1,734	$ 1,104
General and administrative expenses	3,561	6,732	7,415	3,007
Other items	377	242	(495)	171
Net loss for the period	4,699	7,523	8,654	4,282
Basic and diluted loss per share	0.05	0.06	0.07	0.04

The decrease in exploration and evaluation costs since the third quarter of 2017 is mainly the result of the termination of 24 employees in Colombia in the second quarter of 2017 and the adjustment of the environmental expenses due to the change in estimates of the site restoration provision. In conjunction with the termination, the Company paid $606 severance payments in the second quarter of 2017. The increase in exploration and evaluation costs in the first and second quarters of 2017 is mainly related to compliance with regulatory requirements and in legal fees due to the legal dispute with Colombia. In the fourth quarter of 2016, the Company recognized $614 environmental expenses due to the change in estimates of the site restoration provision. Except for these increases, the exploration and evaluation costs remained at relatively constant levels due to the cost reduction initiatives.

Except for the significant increase in legal fees and other expenses associated with the litigation and settlement agreement the Company entered into on July 31, 2017, the general and administrative costs are mainly related to the ongoing arbitration and administrative costs. The increase in general and administrative expense in the second quarter of 2017 is related to the recognition of the share-based payments of the options granted in those quarters.

"Other Items" mainly consists of foreign exchange gain / loss, finance costs, equity tax expense, gain / loss on disposal of plant and equipment, impairment loss on plant and equipment, loss of modification of secured Term Loan. The fluctuation in exchange rate for the USD and COP triggered a swing of exchange gain / loss for each quarter. Finance costs are mainly due to the interest of the convertible notes, loan payable and secured Term Loan. In the fourth and third quarter of 2018, the Company recognized a loss on modification of the secured Term Loan of $581 and $1,124, respectively, due to the extension of the secured Term Loan. During the second quarter of 2018, the Company recognized $1,648 transaction costs in connection with the issuance of the secured term loan payable. In the fourth quarter of 2018 and the second quarter of 2017, the Company recognized a gain on disposal on plant and equipment of $643 and $505, respectively, due to the disposition of certain plant and equipment which the carrying value was written down to $nil.

(Expressed in thousands of Canadian dollars unless otherwise specified)

Three months ended December 31, 2018 compared to three months ended December 31, 2017

During the three months ended December 31, 2018, the Company incurred a net loss of $5,045 representing an increase of $346, when compared to a net loss of $4,699 during the three months ended December 31, 2017.

Exploration and evaluation expenses

During the three months ended December 31, 2018, the Company incurred exploration and evaluation expenses of $888 representing an increase of $127, when compared to $761 during the three months ended December 31, 2017. The breakdown of the exploration and evaluation expenses is as follows:

	For the three months ended December 31, 2018	December 31, 2017	Change in $
Exploration and evaluation expenses:			
Administrative expenses	**$ 293**	$ 242	**$ 51**
Depreciation	**3**	4	**(1)**
Environmental expenses	**265**	64	**201**
Legal fees	**78**	210	**(132)**
Other exploration and evaluation expenses	**-**	9	**(9)**
Salaries and benefits	**245**	226	**19**
Surface rights	**4**	6	**(2)**
	$ 888	$ 761	**$ 127**

Environmental expenses include the impact of the current year's changes in the site restoration provision. The cost estimates are updated periodically to reflect known developments and are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations. The increase during the three months ended December 31, 2018 was due mainly to the accretion of interest on site restoration provision and change in the estimates of the costs and timing of restoration work.

Legal fees are mainly related to the arbitration costs incurred in Colombia.

General and administrative expenses

During the three months ended December 31, 2018, the Company incurred general and administrative expenses of $912 representing a decrease of $2,649, when compared to $3,561 during the three months ended December 31, 2017. The breakdown of the general and administrative expenses is as follows:

	For the three months ended December 31, 2018	December 31, 2017	Change in $
General and administrative expenses:			
Administrative expenses	**$ 80**	$ 92	**$ (12)**
Legal and other professional fees	**560**	3,165	**(2,605)**
Management and directors' fees	**249**	222	**27**
Share-based payments	**23**	82	**(59)**
	$ 912	$ 3,561	**$ (2,649)**

Legal fees and other professional fees were primarily associated with Colombian regulatory compliance and legal advice provided in relation to the ICSID Arbitration.

Share-based payments were $23 for the three months ended December 31, 2018 compared to $82 for the three months ended December 31, 2017. This decrease in share-based payments resulted from a decrease in the number of options vesting and a corresponding decrease in recognition of expense during the period.

(Expressed in thousands of Canadian dollars unless otherwise specified)

<u>Other items</u>

	For the three months ended December 31, 2018	December 31, 2017	Change in $
Other items			
Finance cost	**$ 1,744**	$ 257	**$ 1,487**
Foreign exchange loss (gain)	**1,580**	(59)	**1,639**
Impairment recovery on exploration and evaluation assets	**(643)**	-	**(643)**
Other income	**(17)**	(18)	**1**
Loss on modification of secured term loan	**581**	-	**581**
	$ 3,245	$ 180	**$ 3,065**

Finance costs increased by $1,487 to $1,744 during the three months ended December 31, 2108 when compared to $257 during the three months ended December 31, 2017. The increase in finance costs was primarily related to the interest of the convertible notes and Term Loan payable. Additionally, in April 2018, the Company incurred $1,648 transaction costs in connection with the issuance of the Term Loan payable. Due to the short-term nature of the loan, these fees were charged as finance costs as incurred.

Foreign exchange loss (gain) was primarily a result of the translation of the Company's US cash and loan payable which is denominated in USD into Canadian dollars.

Impairment recovery on exploration and evaluation assets is mainly related to the completion of the first phase of the transfer of the Santander Assets to Minesa under the Purchase Agreement. During the three months ended December 31, 2018, the Company received $1,328 (US$971,000), net of tax of $39 (US$29,000), from Minesa. In connection with the transfer, the Company incurred $646 in professional fees.

Loss on modification of the secured term loan was solely due to the extension of the Term Loan on October 16, 2018.

Year ended December 31, 2018 compared to Year ended December 31, 2017

During the year ended December 31, 2018, the Company incurred a net loss of $19,324 representing a decrease of $5,834, when compared to a net loss of $25,158 during the year ended December 31, 2017.

<u>Exploration and evaluation expenses</u>

During the year ended December 31, 2018, the Company incurred exploration and evaluation expenses of $888 representing an increase of $127, when compared to $761 during the year ended December 31, 2017. The breakdown of the exploration and evaluation expenses is as follows:

(Expressed in thousands of Canadian dollars unless otherwise specified)

	For the year ended December 31, 2018	December 31, 2017	Change in $
Exploration and evaluation expenses:			
Administrative expenses	**$ 880**	$ 810	**$ 70**
Depreciation	**12**	6	**6**
Environmental expenses	**389**	294	**95**
Legal fees	**909**	938	**(29)**
Other exploration and evaluation expenses	**77**	106	**(29)**
Salaries and benefits	**1,030**	1,896	**(866)**
Surface rights	**90**	98	**(8)**
	$ 3,387	$ 4,148	**$ (761)**

Administrative expenses include the ongoing administrative costs incurred in Colombia to provide support related to the Company's operations and the ICSID Arbitration.

Environmental expenses include the impact of the current year's changes in the site restoration provision. The cost estimates are updated periodically to reflect known developments and are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations. The increase during the year ended December 31, 2018 was due mainly to the accretion of interest on site restoration provision and change of the costs and timing of restoration work.

Legal fees are mainly related to the arbitration costs incurred in Colombia.

Salaries and benefits decrease by $866 to $1,030 during the year ended December 31, 2018 when compared to $1,896 during the year ended December 31, 2017. The decrease is mainly related the termination of 24 employees in Colombia in the second quarter of 2017 and the resignation of the former CEO of the Company.

General and administrative expenses

During the year ended December 31, 2018, the Company incurred general and administrative expenses of $7,653 representing a decrease of $13,062, when compared to $20,715 during the year ended December 31, 2017. The breakdown of the general and administrative expenses is as follows:

	For the year ended December 31, 2018	December 31, 2017	Change in $
General and administrative expenses:			
Administrative expenses	**$ 286**	$ 428	**$ (142)**
Legal and other professional fees	**6,229**	19,248	**(13,019)**
Management and directors' fees	**984**	664	**320**
Share-based payments	**154**	375	**(221)**
	$ 7,653	$ 20,715	**$ (13,062)**

Legal fees and other professional fees were primarily associated with Colombian regulatory compliance and legal advice provided in relation to the ICSID Arbitration.

Management and directors' fees were primarily related to management fees paid to the current CEO, the consulting fees paid to the Company's former Chairman and the directors fees paid to the current directors.

(Expressed in thousands of Canadian dollars unless otherwise specified)

Share-based payments were $154 for the year ended December 31, 2018 compared to $375 for the year ended December 31, 2017. This decrease in share-based payments resulted from a decrease in the number of options vesting and a corresponding decrease in recognition of expense during the period.

<u>Other items</u>

	For the year ended		Change
	December 31, 2018	December 31, 2017	**in $**
Other items			
Equity tax	**$ -**	$ 46	**$ (46)**
Finance cost	**5,484**	433	**5,051**
Foreign exchange loss	**1,818**	276	**1,542**
Other income	**(80)**	(152)	**72**
Impairment recovery on property, plant and equipment	**-**	(505)	**505**
Impairment recovery on exploration and evaluation assets	**(643)**	-	**(643)**
Loss on modification of secured term loan	**1,705**	-	**1,705**
Loss on issuance of contingent value rights	**-**	197	**(197)**
	$ 8,284	$ 295	**$ 7,989**

Finance costs increased by $5,051 to $5,484 during the year ended December 31, 2108 when compared to $433 during the year ended December 31, 2017. The increase in finance costs was primarily related to the interest of the convertible notes, loan payable and Term Loan payable. In addition, in April 2018, the Company incurred $1,648 transaction costs in connection with the issuance of the Term Loan payable, Due to the short-term nature of the loan, these fees were charged as finance costs as incurred.

Following is the breakdown of the finance costs incurred during the years ended December 31, 2018 and 2017:

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

Foreign exchange loss was primarily a result of the translation of the Company's US cash and loan payable which is denominated in USD into Canadian dollars.
Impairment recovery on property, plant and equipment is mainly related to the proceeds of $505 received from the disposition of the plant and equipment in Colombia during the year ended December 31, 2017.

Impairment recovery on exploration and evaluation assets is mainly related to the completion of the first phase of the transfer of the Santander Assets to Minesa pursuant to the Purchase Agreement. During the year ended December 31, 2018, the Company received $1,328 (US$971,000), net of tax of $39 (US$29,000), from Minesa. In connection with the transfer, the Company incurred $646 in professional fees.

Loss on modification of the secured Term Loan was solely due to the extension of the Term Loan. The Company requested two extensions of the Term Loan during the year ended December 31, 2018.

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

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2018, the Company had a working capital deficiency of $28,319 (December 31, 2017 – $10,281) including cash of $1,651 (December 31, 2017 – $2,124).

During the year ended December 31, 2018, the Company received proceeds of $19,411 (US$15.19 million) pursuant to the Term Loan from Trexs. The Company used $5,578 (US$4,389,015) of the proceeds of the Term Loan to repay in full all amounts outstanding (including interest, costs and fees) under a bridge loan from Trexs.

On November 21, 2018, the Company completed the first phase of the transfer of the Santander Assets to Minesa and received $1,328 (US$971,000), net of tax of $39 (US$29,000), from Minesa.

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

On February 26, 2019, the Company entered into the Investment Agreement, pursuant to which Trexs and eligible holders of previously-issued contingent value rights certificates are entitled to participate in a private placement for aggregate gross proceeds of up to US$35,000,000.

On April 9, 2019, the Company completed the initial stage of the US$28,000,000 first tranche of the 2019 Private Placement (the "Initial Subscription"). On completion of the Initial Subscription, the Company issued an aggregate of US$10,491,144 of 2019 CVRs and US$12,105,167 of u2019 Notes, for aggregate gross proceeds of approximately US$22,596,311. he Company used US$20,306,032 of the proceeds from the 2019 Private Placement to repay all outstanding principal and interest under the Term Loan.

The Company has not yet achieved profitable operations and expects to incur further losses in the development of its business. Until there is a satisfactory resolution of the ICSID Arbitration, management's current forecasts includes cash outflows to continue its trend consistent with the last two quarters and cash inflows are expected to be covered by financing.

The Company plans to cover its operational expenses through financing. Management continues to review the Company's activities in order to identify areas to further reduce expenditures. There are no guarantees that the Company will be able to secure additional financing in the future and at terms that are favorable.

The 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. The Company has identified opportunities to reduce its operating costs for fiscal year 2019. To date, the Company has not generated any profit through its operations. These matters result in material uncertainties that may cast significant doubt on whether the Company will continue on as a going concern. Risk factors potentially influencing the Company's ability to raise financing include: the outcome and timing of the ICSID Arbitration, metal prices, the political risk of operating in a foreign country other uncertainty described above, and the buoyancy of the equity markets. For a more detailed list of risk factors, see the Company's most recent Annual Information Form.

(Expressed in thousands of Canadian dollars unless otherwise specified)

COMMITMENTS, CONTRACTUAL OBLIGATIONS & 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.

Management Incentive Plan

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

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

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

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

Contingencies

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. We have disclosed certain of these uncertainties in note 15 of our audited condensed consolidated financial statements for the year ended December 31, 2018. Other than these, the Company does not believe that adverse decisions in any other ongoing, pending or threatened proceedings related to any matter, or any amount which it may be required to pay damages in any form by reason thereof, will have a material adverse effect on the financial condition or future results of operations of the Company. In addition, any adverse decision in resolving the ICSID Arbitration would have a material adverse effect on the Company.

For a discussion on the contingencies, refer to note 15 of the audited consolidated financial statements for the year ended December 31, 2018.

OUTSTANDING SHARE DATA

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

At December 31, 2018 and 2017, the Company had 106,524,953 common shares issued and outstanding.

During the year ended December 31, 2018, 370,000 options expired unexercised.

As at the date of this MD&A, the Company had:
- 106,524,953 common shares issued and outstanding; and
- 3,132,000 stock options with exercise prices ranging from $0.275 to $0.63 per option outstanding.

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.

- On February 26, 2019, the Company entered into an investment and backstop agreement with Trexs (the "Investment Agreement"), pursuant to which Trexs and other eligible holders of 2016 CVRs are entitled to participate in 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 2019 CVRs and (ii) US$15,000,000 of 2019 Notes; and

    2) a "Second Tranche" consisting of up to US$7,000,000 of 10% 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 (see below) and a UD$5,403,689 supplemental subscription (the "Supplemental Subscription") that is expected to complete in May 2019. The Second Tranche will be drawn as and when additional capital is required.

- On April 9, 2019, the Company completed the Initial Subscription. On completion of the Initial Subscription, the Company issued an aggregate of US$10,491,144 of 2019 CVRs and US$12,105,167 of 2019 Notes, for aggregate gross proceeds of approximately US$22,596,311. The Company used US$20,306,032 of the proceeds from the 2019 Private Placement to repay all outstanding principal and interest under the Term Loan.

- 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 (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;

(Expressed in thousands of Canadian dollars unless otherwise specified)

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.

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

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 18 of our audited consolidated financial statements for the year ended December 31, 2018. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2(d) of the consolidated financial statements for the year ended December 31, 2018.

RELATED PARTIES

Key management personnel

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

	For the years ended	
	December 31, 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.

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.

(Expressed in thousands of Canadian dollars unless otherwise specified)

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.

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:

(Expressed in thousands of Canadian dollars unless otherwise specified)

	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

CRITICAL ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2 of our annual audited consolidated financial statements for the year ended December 31, 2018 for a more detailed discussion of the critical accounting estimates and judgments.

CHANGES IN ACCOUNTING POLICIES

Adoption of new and amended accounting standards

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

  Refer to note 2(d) of the Company's annual audited consolidated financial statements for the year ended December 31, 2018 for the new accounting policy under IFRS 9.

- **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.

OFF-BALANCE SHEET FINANCING ARRANGEMENTS

As of Deember 31, 2018 and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

PROPOSED TRANSACTIONS

No transactions are proposed.

RISKS AND UNCERTAINTIES

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

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Management Discussion and Analysis constitute forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to the settlement or potential outcome of the ICSID Arbitration under the Free Trade Agreement, the Company's ability to obtain additional funding, the Company's ability to comply with its covenants under the Investment Agreement, defaults under the Investment Agreement, the Company's plans with respect to the Angostura Project and future announcements relating thereto, estimated capital expenditures, estimated internal rates of return, currency fluctuations, requirements for additional capital, government regulation of mining operations and environmental risks or claims.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks relating to the outcome and timing of the ICSID Arbitration; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; risks related to the business being subject to environmental laws and regulations which may increase costs of doing business and restrict the Company's operations; risks relating to all the Company's properties being located in Colombia, including political, economic and regulatory instability; accidents, labour disputes and other risks of the mining industry; as well as those factors discussed in the section entitled "Risk and Uncertainties" above.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management as of the date the statements are made, including, without limitation, the potential settlement or outcome of the ICSID Arbitration, that the Company can access financing, and the Company does not assume any obligation to update any forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, readers should not place undue reliance on forward-looking statements.