



ECO ORO MINERALS CORP.

Condensed Consolidated Interim Financial Statements

June 30, 2019

(unaudited)

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NOTICE TO READER

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

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

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

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

As at	June 30, 2019		December 31, 2018	
ASSETS				
Current assets				
Cash	\$	3,856	\$	1,651
Accounts receivable		68		41
Prepaid expenses and deposits		153		472
		4,077		2,164
Non-current assets				
Plant and equipment (note 4)		120		130
Exploration and evaluation assets (note 5)		1		1
		121		131
TOTAL ASSETS	\$	4,198	\$	2,295
LIABILITIES				
Current liabilities				
Trade and other payables	\$	12,349	\$	5,072
Secured term loan payable (note 6)		-		24,335
Amounts payable on exploration and evaluation asset acquisition (note 7)		878		903
Current portion of site restoration provision (note 8)		1,303		173
		14,530		30,483
Non-current liabilities				
Long-term employee benefits		9		9
Site restoration provision (note 8)		4,024		5,167
Convertible notes (note 9)		-		2,392
Promissory notes (note 10)		4,703		-
		8,736		7,568
TOTAL LIABILITIES		23,266		38,051
DEFICIENCY				
Share capital (note 11)	\$	324,928	\$	324,928
Contributions from shareholders (note 11)		27,687		11,285
Contingent value rights (note 11)		24,294		7,525
Equity reserve		31,942		31,910
Deficit		(390,496)		(374,005)
Accumulated other comprehensive loss		(37,423)		(37,399)
TOTAL DEFICIENCY		(19,068)		(35,756)
TOTAL LIABILITIES AND DEFICIENCY	\$	4,198	\$	2,295

Nature of operations and going concern (note 1)
Commitments and contingencies (note 14)
Segmented information (note 15)
Subsequent events (note 5)
The accompanying notes are an integral part of these condensed consolidated interim financial statements.
These consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:
/s/ Rebecca Berrebi Director

/s/ Courtenay Wolfe Director

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

	For the three months ended		For the six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Exploration and evaluation expenses:				
Administrative expenses	\$ 235	\$ 198	\$ 427	\$ 401
Depreciation (note 4)	3	3	6	6
Environmental expenses	89	(108)	210	(36)
Legal fees	200	264	481	535
Other exploration and evaluation expenses	19	19	35	56
Salaries and benefits	249	275	509	527
Surface rights	6	15	11	22
	801	666	1,679	1,511
General and administrative expenses:				
Administrative expenses	84	91	143	149
Legal and other professional fees	5,368	1,540	8,507	4,908
Management and directors' fees	250	232	497	474
Share-based payments (note 11)	10	41	32	108
	5,712	1,904	9,179	5,639
Other items				
Finance and other expenses	\$ 4,182	\$ 2,504	7,291	2,680
Foreign exchange loss (gain)	(163)	572	(794)	682
Gain on modification of convertible notes (note 9)	(839)	-	(839)	-
Other income	(15)	(25)	(25)	(35)
	3,165	3,051	5,633	3,327
NET LOSS FOR THE PERIOD	\$ 9,678	\$ 5,621	\$ 16,491	\$ 10,477
OTHER COMPREHENSIVE EXPENSES (INCOME)				
Foreign currency translation differences for foreign operations	\$ 1	\$ (366)	\$ 24	\$ 430
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 9,679	\$ 5,255	\$ 16,515	\$ 10,907
Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share) (warrants and options not included as the impact would be anti-dilutive)	\$ 0.09	\$ 0.05	\$ 0.15	\$ 0.10
Weighted average number of common shares outstanding - basic and diluted	106,524,953	106,524,953	106,524,953	106,524,953

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

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

	Note(s)	Share capital		Contributions from shareholders	Contingent value rights	Equity Reserves	Deficit	Accumulated other comprehensive loss	Total
		Number of shares	Amount						
Balance at December 31, 2018		106,524,953	\$ 324,928	\$ 11,285	\$ 7,525	\$ 31,910	\$ (374,005)	\$ (37,399)	\$ (35,756)
Issuance of contingent value rights	11	-	-	-	16,769	-	-	-	16,769
Issuance of promissory notes	10	-	-	16,841	-	-	-	-	16,841
Amendment of convertible notes	9	-	-	(439)	-	-	-	-	(439)
Share-based payments	11	-	-	-	-	32	-	-	32
Loss per the period		-	-	-	-	-	(16,491)	-	(16,491)
Other comprehensive loss for the period		-	-	-	-	-	-	(24)	(24)
Balance at June 30, 2019		106,524,953	\$ 324,928	\$ 27,687	\$ 24,294	\$ 31,942	\$ (390,496)	\$ (37,423)	\$ (19,068)
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		-	-	-	-	108	-	-	108
Net loss for the period		-	-	-	-	-	(10,477)	-	(10,477)
Other comprehensive loss for the period		-	-	-	-	-	-	(430)	(430)
Balance at June 30, 2018		106,524,953	\$ 324,928	\$ 11,285	\$ 7,525	\$ 31,864	\$ (365,158)	\$ (37,807)	\$ (27,363)

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

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

	For the six months ended	
	June 30, 2019	June 30, 2018
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Loss for the period	\$ (16,491)	\$ (10,477)
Adjustments for:		
Accretion of interest of loans payable	-	433
Accretion of interest of secured term loan payable (note 6)	3,260	417
Accretion of interest of convertible notes (note 9)	123	181
Accretion of interest of promissory notes (note 10)	231	-
Change in site restoration provision (note 8)	-	(275)
Depreciation (note 4)	6	6
Unwinding of discount of site restoration provision (note 8)	154	179
Gain on modification of convertible notes (note 9)	(839)	-
Remediation expenditures (note 9)	(15)	(9)
Share-based payments (note 11)	32	108
Unrealized foreign exchange loss (gain)	(641)	690
Change in non-cash working capital items (note 12)	7,685	(311)
Net cash flows used in operating activities	(6,495)	(9,058)
FINANCING ACTIVITIES		
Proceeds from secured term loan payable, net of transaction costs	-	19,411
Proceeds on issuance of promissory notes, net of financing costs (note 10)	19,349	-
Proceeds on issuance of contingent value rights, net of financing costs (note 11)	16,769	-
Repayment of secured term loan payable (note 6)	(27,106)	-
Repayment of loan payable	-	(5,578)
Net cash flows from financing activities	9,012	13,833
Effects of exchange rate changes on cash	(312)	7
Net increase in cash	\$ 2,205	\$ 4,782
Cash, beginning of period	1,651	2,124
Cash, end of period	\$ 3,856	\$ 6,906

Supplemental cash flow information (note 12)

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

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2019
(Expressed in thousands of Canadian dollars unless otherwise specified)

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 unaudited condensed consolidated interim financial statements of the Company as at and for the six months ended June 30, 2019 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.

Financing

On February 26, 2019, the Company entered into an investment and backstop agreement (the "Investment Agreement") with Trexs Investments LLC ("Trex"), pursuant to which Trexs and eligible holders of contingent value rights certificates issued by the Company in 2016 (the "2016 CVRs") were 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:

- The "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
 - (ii) US\$15,000,000 of promissory notes (the "2019 Notes").
- A "Second Tranche" consisting of up to US\$7,000,000 of unsecured 10% interest-bearing promissory notes due on June 30, 2028 (the "10% Notes").

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2019
(Expressed in thousands of Canadian dollars unless otherwise specified)

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

Financing (continued)

The First Tranche was completed in two stages.

On April 9, 2019, the Company issued US\$10,491,145 of 2019 CVRs and US\$12,105,167 of 2019 Notes, of which US\$6,516,900 of 2019 CVRs and US\$7,519,500 of 2019 Notes were issued to Trexs.

On May 31, 2019, the Company issued US\$2,508,855 of 2019 CVRs and US\$2,894,833 of 2019 Notes, of which US\$2,179,703 of 2019 CVRs and US\$2,179,703 of 2019 Notes were issued to Trexs.

The 2019 Notes bear interest at a rate of 0.025% per annum and mature on June 30, 2028.

Concurrently with the 2019 Private Placement, the Company amended US\$9,672,727 of convertible notes issued by the Company in 2016 (the "2016 Notes"). The amended 2016 Notes are no longer convertible into common shares of the Company.

The Second Tranche has not been completed.

Going concern

At June 30, 2019, the Company had a working capital deficiency of \$10,453 and had not yet achieved profitable operations. The Company expects to incur further losses in the development of its business. For the six months ended June 30, 2019, the Company reported a comprehensive loss of \$16,491 and, as at June 30, 2019, the Company had an accumulated deficit of \$390,496. Cash used in operating activities for the six months ended June 30, 2019 was \$6,495.

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 June 30, 2019 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 condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2018 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issuance on August 23, 2019.

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, 2019.

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

- **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.

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2019
(Expressed in thousands of Canadian dollars unless otherwise specified)

3. NEW ACCOUNTING STANDARDS (CONTINUED)

Adoption of new and amended accounting standards (continued)

- **IFRS 16 – Leases (continued)**

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 adoption of this standard did not have an impact on the unaudited condensed interim financial statements.

- **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 adoption of this standard did not have an impact on the unaudited condensed interim financial statements.

4. PLANT AND EQUIPMENT

	Buildings	Field Equipment	Office Equipment	Total
Cost				
Balance as at June 30, 2019 and December 31, 2018	\$ 133	\$ -	\$ 15	\$ 148
Depreciation				
As at December 31, 2018	\$ (13)	\$ -	\$ (5)	\$ (18)
Charged for the period	(3)	-	(3)	(6)
Effect of movements in exchange rates	(4)	-	-	(4)
Balance as at June 30, 2019	\$ (20)	\$ -	\$ (8)	\$ (28)
Net book value				
As at December 31, 2018	\$ 120	\$ -	\$ 10	\$ 130
As at June 30, 2019	\$ 113	\$ -	\$ 7	\$ 120

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 in accordance with IFRS.

As at June 30, 2019 and December 31, 2018, the carrying value of the exploration and evaluations assets is \$1.

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2019
(Expressed in thousands of Canadian dollars unless otherwise specified)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

On April 1, 2019, the Company notified Colombia of its intention to renounce Concession 3452 to mitigate its losses. On May 13, 2019, by Resolution VSC No. 000365, the ANM accepted the renunciation of Concession 3452. The ANM is expected to continue with the administrative procedure of renunciation of Concession 3452 in accordance with Law 685 of 2001. On July 5, 2019, the Company submitted the closure plan related to the 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) for approval.

6. SECURED TERM LOAN PAYABLE

	in USD (in thousands)	in CAD
Balance as at December 31, 2018	17,854	24,335
Finance costs	2,452	3,261
Payment	(20,306)	(27,106)
Effect of movements in exchange rates	-	(490)
Balance as at June 30, 2019	\$ -	\$ -

On April 20, 2018, the Company received a secured term loan ("Term Loan") from Trexs of \$19,411 (US\$15.19 million). 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.

On January 10, 2019, 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 repaid the Term Loan in full in an amount of \$27,106 (US\$20,306,033).

From January 1, 2019 until the date of repayment, the Company recognized accretion of interest of \$3,261.

As at June 30, 2019 the carrying value of the Term Loan is \$nil (US\$nil) (December 31, 2018 – \$24,335 (US\$20,152,790)).

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2019
(Expressed in thousands of Canadian dollars unless otherwise specified)

7. AMOUNTS PAYABLE ON EXPLORATION AND EVALUATION ASSET ACQUISITION

	in COP (in thousands)	in CAD
Balance as at December 31, 2018	2,150,000	\$ 903
Effect of movements in exchange rates	-	(25)
Balance as at June 30, 2019	2,150,000	\$ 878

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 \$878 (COP2,150,000,000) is reflected on the statement of financial position as of June 30, 2019 (December 31, 2018 - \$903 (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. The evidentiary hearing took place on June 7, 2019 before the Court. At the hearing, the Court determined that Eco Oro had not breached the agreement. The claimant filed an appeal against the ruling before High Court, which remains pending.

8. SITE RESTORATION PROVISION

Balance as at December 31, 2018, current and long-term	\$	5,340
Remediation work performed		(15)
Unwinding of discount		154
Changes in foreign exchange rates		(153)
Balance as at June 30, 2019, current and long-term	\$	5,326
Current portion	\$	1,303
Long-term portion		4,024
	\$	5,327
Undiscounted liability for site restoration	\$	6,781

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2019
(Expressed in thousands of Canadian dollars unless otherwise specified)

9. CONVERTIBLE NOTES (“2016 NOTES”)

The Company’s convertible notes payable balance as of June 30, 2019, is as follows:

	(in thousands)	
	in USD	in CAD
Balance as at December 31, 2018	1,756	2,392
Accretion of interest	91	123
Amended to promissory notes	(1,847)	(2,466)
Effect of movements in exchange rates	-	(49)
Balance as at June 30, 2019	\$ -	\$ -

During the six months ended June 30, 2019 and 2018, accretion expenses of \$123 and \$183, respectively, were recorded as finance cost with a corresponding increase in the carrying value of the liability.

As discussed in Note 1, concurrently with the 2019 Private Placement, the Company amended US\$9,672,727 of convertible notes issued by the Company in 2016 (the “2016 Notes”). The amended 2016 Notes are no longer convertible into common shares of the Company. As a result of the amendment, a gain on modification of \$839 has been recognized in the statement of loss and comprehensive loss during the six months ended June 30, 2019. Subsequent to the amendment and restatement of the 2016 Notes, the Company reclassified the 2016 Notes as promissory notes (Note 10).

10. PROMISSORY NOTES

	(in thousands)	
	in USD	in CAD
Initial recognition	3,420	4,573
Accretion of interest	173	231
Effect of movements in exchange rates	-	(101)
Balance as at June 30, 2019	\$ 3,593	\$ 4,703

During the six months ended June 30, 2019, the Company issued \$20,076 (US\$15,000,000) 2019 Notes.

Concurrently with the 2019 Private Placement, the Company amended the 2016 Notes (Note 9) and reclassified the face value of \$12,911 (US\$9,672,727) of the 2016 Notes as promissory notes.

The amended 2016 Notes and 2019 Notes (collectively “Promissory Notes”) bear interest at a rate of 0.025% per annum and mature on June 30, 2028. All the accrued interest is capitalized and payable upon repayment of the principal.

The Promissory Notes are considered below market-rate notes. For accounting purposes, the Company calculated the fair value of the Promissory Notes at the date of issuance by using a risk-adjusted discount rate of 20%, and therefore a difference of \$27,687 (US\$20,708,984) has been recorded as a contribution from shareholders to the equity of the Company.

Eco Oro Minerals Corp.
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the six months ended June 30, 2019
(Expressed in thousands of Canadian dollars unless otherwise specified)

10. PROMISSORY NOTES (CONTINUED)

In connection with the 2019 Private Placement, the Company incurred issuance costs of \$1,357 (US\$1,013,815), of which \$727 (US\$543,115) and \$630 (US\$470,700) were allocated to the 2019 Notes and 2019 CVRs, respectively. The issuance costs allocated to the 2019 Notes are recorded as a reduction of the carrying value of the liability.

During the six months ended June 30, 2019, accretion expenses of \$231 (US\$172,940) were recorded as finance costs with a corresponding increase in the carrying value of the liability.

As at June 30, 2019, the carrying value of the Promissory Notes is \$4,703 (US\$3,593,568).

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 June 30, 2019 and December 31, 2018, the Company had 106,524,953 common shares issued and outstanding with a value of \$324,928.

Contingent value rights

During the six months ended June 30, 2019, the Company issued \$17,399 (US\$13,000,000) of 2019 CVRs.

In connection with the 2019 Private Placement, the Company incurred issuance costs of \$1,357 (US\$1,013,815) of which \$727 (US\$543,115) and \$630 (US\$470,700) were allocated to the 2019 Notes and 2019 CVRs. The issuance costs allocated to the 2019 CVRs are recorded as a reduction of the carrying value of the 2019 CVRs.

At June 30, 2019 and December 31, 2018, the carrying value of the 2016 CVRs and 2019 CVRs (collectively "CVRs") is \$24,294 and \$7,525, respectively.

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.

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11. DEFICIENCY (CONTINUED)

Stock option plan (continued)

The changes in options during the six months ended June 30, 2019 are as follows:

	Number outstanding	Weighted average exercise price
Balance, December 31, 2018	3,132,000	\$ 0.492
Expired	(580,000)	0.485
Balance, June 30, 2019	2,552,000	\$ 0.493

During the six months ended June 30, 2019, 580,000 options expired without being exercised.

During the six months ended June 30, 2019 and 2018, share-based payments of \$32 and \$108, respectively, were recorded in connection with stock options vested during the period.

The following summarizes information about stock options outstanding and exercisable at June 30, 2019:

Grante date	Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (in years)
September 2, 2015	September 2, 2020	872,000	872,000	\$ 0.500	1.18
October 7, 2015	October 7, 2020	200,000	200,000	\$ 0.630	1.27
May 8, 2017	May 8, 2022	1,480,000	1,480,000	\$ 0.485	2.86
		2,552,000	2,552,000		2.16

12. SUPPLEMENTARY CASH FLOW INFORMATION

Change in non-cash working capital

	For the six months ended	
	June 30, 2019	June 30, 2018
Accounts receivable	\$ (29)	\$ (29)
Prepaid expenses and deposits	315	(446)
Trade and other payables	7,398	163
Long-term employee benefits	1	1
	\$ 7,685	\$ (311)

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12. SUPPLEMENTARY CASH FLOW INFORMATION (CONTINUED)

Others

	For the six months ended	
	June 30, 2019	June 30, 2018
Reclassification of carrying value of convertible debentures to promissory notes	\$ 2,466	\$ -
Reclassification of contribution from shareholders of convertible debentures to promissory notes	11,285	-
Reclassification of contribution from shareholders of promissory notes	27,687	-

13. RELATED PARTIES

Subsidiaries

	Ownership interest at	
	June 30, 2019	December 31, 2018
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.

During the six months ended June 30, 2019 and 2018, the short-term benefits incurred for the key management personnel were \$601 and \$559, respectively.

Certain executive officers are entitled to termination benefits. In the event of termination without sufficient advance written notice, these executive officers are entitled to an amount of 6 months of their base compensation by way of lump sum payment.

The Company is also a party to certain management contracts. These contracts contain clauses requiring that \$270 be paid upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

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13. RELATED PARTIES (CONTINUED)

Transactions and balances

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

	For the six months ended	
	June 30, 2019	June 30, 2018
Fintec Holdings Corp. ("Fintec")		
Management fees	\$ 262	\$ 244
Quantum Advisory Partners LLP ("Quantum")		
Management and accounting services	\$ 176	\$ 168
Trexs Investments, LLC ("Trexs")		
Finance costs	\$ 3,261	\$ 2,482
Canopy Capital Ltd. ("Canopy")		
Directors' fees	\$ 49	\$ 49
Croftcap Inc. ("Croftcap")		
Directors' fees	\$ 57	\$ 49

Except for the finance cost paid or payable to Trexs, the above is 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 former 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.

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13. RELATED PARTIES (CONTINUED)

Transactions and balances (continued)

As of June 30, 2019 and December 31, 2018, the amount due to the Company's officers and directors, and the companies controlled by the Company's current and former officers and directors was as follows:

	June 30, 2019	December 31, 2018
Trade and other payables	\$ 112	\$ 110
Secured term loan	-	24,335
Promissory notes (face value)	22,514	9,584
	\$ 22,626	\$ 34,029

14. COMMITMENTS AND CONTINGENCIES

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 ICSID Arbitration Claim.

Under 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 5% of the gross proceeds of the Arbitration.

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 ICSID Arbitration Claim.

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.

14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies (continued)

La Plata Mining Title Assignment (continued)

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.

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.

14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies (continued)

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.

On December 19, 2014, Ministry of Environment and Sustainable Development (Ministerio de Ambiente y Desarrollo Sostenible or “MADS”) issued Resolution 2090 declaring the boundaries of the Santurbán Páramo. The Resolution provided certain exceptions to the restrictions on mining activities in páramo ecosystems, including exceptions for mining concessions for which an environmental license or equivalent environmental management and control instrument had been granted prior to February 9, 2010 and exceptions for mining in the “restoration zone” of the páramo in the traditional mining municipalities of California, Suratá and Vetás which applied to Eco Oro’s Concession 3452. The National Development Plan enacted in 2015 (Law 1753 of 2015) similarly provided exceptions to the restrictions on mining activities in páramo ecosystems. The Plan also provided that “Projects of National Interest” such as the Angostura Project were of public utility and social interest, and would be subjected to centralized licensing processes before national (rather than regional) authorities.

On February 9, 2016, the Company announced that the Colombian Constitutional Court had issued Communication No. 4 of 2016 dated February 8, 2016, which indicated that certain provisions of the National Development Plan are unconstitutional. The Court subsequently formally issued ruling C-035 of 2016 (also dated February 8, 2016). 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.

14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Uncertainties (continued)

Páramo ecosystem boundaries (continued)

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.

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 was subsequently granted two extensions to the deadline for carrying out the new delimitation of the Santurbán Páramo: first, until July 2019, and subsequently, until December 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, and on 1 June 2019, the Company filed its Reply Memorial. The Company is seeking US\$696 million plus interest in the sum of US\$140 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.

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15. 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.

16. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding in order to safeguard the Company's ability to continue as a going concern, fund its planned activities and commitments and retain financial flexibility to respond to unforeseen future events and circumstances. The Company manages, and makes adjustments to its capital structure based on the level of funds on hand and anticipated future expenditures. In order to maintain or adjust the capital structure, the Company has, when required, raised additional capital from shareholders. The Company has not paid dividends, nor returned capital to shareholders to date. As at June 30, 2019, 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.

17. 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:

	June 30, 2019		December 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
<i>Amortized cost</i>				
Cash	\$ 3,856	\$ 3,856	\$ 1,651	\$ 1,651
Accounts receivable	68	68	41	41
	\$ 3,924	\$ 3,924	\$ 1,692	\$ 1,692
Financial liabilities:				
<i>Amortized cost</i>				
Trade and other payables	\$ 12,349	\$ 12,349	\$ 5,072	\$ 5,072
Secured term loan payable	-	-	24,335	24,335
Amounts payable on exploration and evaluation asset acquisition	878	878	903	903
Promissory notes	4,703	4,703	-	-
Convertible notes	-	-	2,392	2,392
	\$ 17,930	\$ 17,930	\$ 32,702	\$ 32,702

17. 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 June 30, 2019, 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, amounts payable on exploration and evaluation asset acquisition, and promissory 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, amounts payable on exploration and evaluation asset acquisition and promissory notes are held in CAD, USD and COP; therefore, USD and COP accounts are subject to fluctuation against the Canadian dollar.

17. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk (continued)

Based on the financial position of the Company as at June 30, 2019, 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 \$1,400.

The Company does not invest in derivatives to mitigate these risks.

In addition, as the functional currency of the Company's operations in Colombia (COP) is different from the Company (CAD), any non-monetary assets and liabilities in these foreign jurisdictions subject the Company to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash 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 \$3,856 as at June 30, 2019, an increase or decrease in the annual interest rate of 1% would result in a corresponding increase or decrease of annual interest income by \$38.

The Company's promissory 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 June 30, 2019, all of the Company's other financial liabilities except for the convertible notes have maturities less than one year. As at June 30, 2019, the Company had cash of \$3,856 in order to meet short-term operating needs.